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Persecution of Journalists in Former USSR Detailed

944F0701A Moscow NEZAVISIMAYA GAZETA
in Russian 7 May 94 p 3

[Article by Oleg Panfilov, Glasnost Defense Fund expert, under the heading "Chronicle": "Persecution of Journalists and the Press in the Former USSR: April 1994—2 Killed, 3 Beaten, 23 Persecuted by the State"]

[Text] A previous report covering January-March 1994 was published by NEZAVISIMAYA GAZETA in April. The information published here is based on reports from the periodical press, human rights organizations and journalists.

Azerbaijan

18 April: Under the pretense of rounding up draft evaders, at approximately 2:00 pm military personnel and police burst into the editorial offices of the newspaper AZADLYG, detaining 15 (according to other reports 11) journalists, including some beyond draft age—Ganimat Zakhi-dov, Khikmat Sabiogli, Rafiq Mamedli, Khikmet Zeynalov, Gorkhmat Ibragimov, Kyanan Salimov, and others. The detainees were taken to Sabail'skiy Military Commissariat and released three hours later.

19 April: Police officers detained AZADLYG deputy editor Bakhaddin Gazzyev. Relatives and colleagues have not yet been able to learn his whereabouts. It is presumed that he has been forced to take up active military service at the front.

22 April: Police officers burst into the AZADLYG editorial offices and without presenting any documents took Zokhrab Amirkhanly, head of the newspaper's Humanitarian Section, and correspondent and Information Center staffer Yadigar Mamedli by force to the Sabail'skiy Military Commissariat. Another group of police stormed into the Musavat Party building and forcibly took eight individuals to the same military commissariat, among them Mekhman Dzhvadogly, head of the party's Information Center, Chingiz Firudinogly, a correspondent for the newspaper YENI MUSAVAT, and Rovshan Aliyev, a correspondent for that paper and for GOLOS UKRAINY. Several hours later all the journalists with the exception of Rovshan Aliyev were released. It is possible that he is currently in active military service.

23 April: Yashar Turkazar, a Musavat Party activist and a YENI MUSAVAT carrier, was detained near the Musavat Party headquarters.

Armenia

15 April: Vardges Petrosyan, editor-in-chief of the newspaper YERKIR NAIRI, Armenian Supreme Soviet deputy, writer and chairman of the Armenian Culture Fund, was killed by several shots fired at point-blank range in the driveway outside his home. One of the most widely circulated stories is that this was the result of a blood feud.

Belarus

29 April: Three Belorussian newspapers were forced to cease publication due to rising printing costs. Before that happened the editors of those papers published a joint

appeal to parliament and the government entitled "The Belorussian Press Is at Death's Door." On the eve of Belarus presidential elections NARODNAYA GAZETA and ZVYAZDA were advised to change their editorial line.

Georgia

April: Klara Abramiya, the writer of an article in the newspaper SHANS concerning the activities of Georgia's ambassador to Russia, began receiving death threats and demands that she publish a retraction. Bondu Kurdadze, the newspaper's editor, came under automatic weapon fire on the way to his home.

9 April: The editorial offices of the newspaper SVOBODNAYA GRUZIYA were attacked by unidentified individuals. The paper's property was damaged by a grenade. It has been suggested that the grenade was actually intended for a column of demonstrators, supporters of Georgia's ex-President Zviad Gamsakhurdia, who were passing by the editorial offices at the time.

15 April: The Georgian Council of Ministers distributed a resolution in which Archil Gogeliya, Georgian Television chairman, was instructed to "institute strict censorship on coverage of matters pertaining to Abkhazia." However, no official directives establishing direct censorship were issued.

28 April: Akakiy Mikadze, staff correspondent for the weekly MOSKOVSKIYE NOVOSTI, was attacked during a recess in a Georgian Parliament session. The assailants were Georgian Parliament deputies Tengiz Sigua and Tengiz Kitovani, who threatened Mikadze over his "bad articles." Tengiz Kitovani struck Mikadze in the temple with his fist.

Kazakhstan

April: On the night of 16 April Viktor Rachkov, an employee of the newspaper KARAGANDA and a deputy in the local *maslikhat* (council), was run over by an automobile in Karaganda. He died 18 hours later without regaining consciousness. Officially, the automobile accident was listed as an ordinary traffic incident. However, it is known that Viktor Rachkov had reported frequent phone threats to his colleagues. According to information from a group of Karaganda journalists who conducted their own investigation into Rachkov's death, "not all the injuries on the body of the deceased support the traffic accident story. Furthermore, the deceased's clothing showed no sign of a collision with an automobile," assertions which were specifically confirmed by emergency medical personnel.

Kyrgyzstan

12 April: Publication of the Moscow weekly ARGUMENTY I FAKTY was terminated. The official explanation was declining circulation. The only publication from Russia currently being published in Kyrgyzstan is KOMSOMOLSKAYA PRAVDA.

Latvia

April: The Latvian Saeima (parliament) passed a law on radio and television campaigning during elections to local

self-government bodies. Under that law campaigning on TV Channel One was to be conducted exclusively in Latvian, with 80 percent Latvian campaign ads on all other channels.

13 April: Latvian general procurator Yanis Skrastins issued the newspaper *ATMODA* a warning because the newspaper had allegedly printed articles "inciting violence." If the newspaper does not take action in response to this warning, a court could order it shut down. The newspaper's editor has stated that the paper does not intend to change its position.

20 April: Listening devices were discovered in the editorial offices of the newspaper *DIENAS BIZNES*, following which the Latvian Security Service sent the Latvian general procurator a letter requesting that a criminal investigation of the matter be undertaken.

Lithuania

April: The board of the Lithuanian Television and Radio Company requested that the Lithuanian Government allocate funding for broadcasts of Ostankino Television and Radio Mayak programming. If the response to this request is positive, the broadcasts will be carried beginning at 6:00 pm each day.

Moldova

26 April: A law was enacted within the territory of the unrecognized Dniester Moldavian Republic [DMR] under the title "On Protection of the Honor and Dignity of the President of the DMR." According to this law individuals who publicly insult the president of the DMR may be given a large fine or sentenced to up to six years in prison. Media outlets that disseminate materials that offend the president's honor and dignity are subject to closure. The Tiraspol City Court is currently hearing a suit by DMR President Igor Smirnov against the military commandant of Tiraspol, Russian Army Col. Mikhail Bergman, and the independent Asket Television Studio for the sum of R100 million [rubles]. A similar suit against Bergman and the television studio has been filed by DMR Supreme Soviet chairman Grigoriy Marakutsa.

Russia

April: Andrey Kolobayev, an employee of the Moscow magazine *KRIK*, was beaten by militia officers while on official business in Syktyvkar (Komi Republic) and detained in a holding cell for five days. One possible reason for this was an appearance by Kolobayev on local television in which he levelled criticism at the local administration. After intervention by deputies from the Komi parliament and the Komi Republic minister of internal affairs Kolobayev was released.

April: The Pressa Publishing House suspended publication of 10 Moscow newspapers on account of financial difficulties. The newspapers were *SOVETSKAYA ROSSIYA*, *FEDERATSIYA*, 24, *KHOZYAIN*, *SROCHNO V NOMER!* and others.

6 April: Igor Mishin, president of the independent television company 4 Kanal stated that an attack on the television company office on the night of 7 April was political

pressure on the eve of local elections. The intruders stole R10 million in cash and documents after breaking out bars over the windows.

8 April: During a recess in a State Duma session deputy Vladimir Zhirinovskiy attacked Aleksandr Pyatkovskiy, a correspondent for the magazine *STOLITSA*, who had been sitting next to Zhirinovskiy during a clash with deputies and had recorded Zhirinovskiy's statements on a dictaphone. Upon seeing that, Zhirinovskiy began threatening Pyatkovskiy and attempted to twist his arm and take the dictaphone away from him. Aleksandr Pyatkovskiy has filed suit in connection with this assault.

14 April: Moscow's Presnenskiy Court heard the case of independent journalist Yaroslav Mogutin, who was accused of "malicious hooliganism" under Article 206, Section 2 of the Russian Federation Criminal Code. The grounds for the case were an article by Mogutin which appeared in the weekly *NOVYY VZGLYAD* under the title "Dirty Ends" and which used "obscene expressions." Mogutin's attorney, Genrikh Padva, noted that this is the first criminal case against a journalist over the use of obscene language. Support for the journalist has been expressed by the International PEN Club and the UNESCO Artists' Federation, as well as by approximately 60 well-known Russian cultural figures. In response to a petition by the attorney, the judge turned the case over to the procuracy for review.

16 April: Besik Urigashvili, an *IZVESTIYA* correspondent, was assaulted by militia officers on Bolshaya Bronnaya St. at approximately 9:30 pm. The officers demanded to see the journalist's documents, and when Urigashvili asked for an explanation as to why they were checking his documents in particular, they hit him with a nightstick, cutting his scalp. They made offensive remarks to the journalist, calling him "black." The journalist was taken to the 108th Militia Precinct and was released upon presenting his press identification card.

21 April: The Russian Federation Presidential Judicial Chamber on Information Disputes adopted a ruling entitled "On the Publication of the Article 'People Live Here!'" in *EKSPRESS-GAZETA*, No. 5, 1994." The Judicial Chamber had at the request of the State Duma reviewed a Kupriyanov article devoted to deputies' perquisites. In the Judicial Chamber's ruling the article was termed "inaccurate and not objective" and found to be "a flagrant violation of legal and ethical standards." In view of this the Judicial Chamber recommended that Kupriyanov be dismissed from his current position. According to commentators, the Judicial Chamber does not have the authority to make that decision.

22 April: Grigoriy Musaelyan, director of the Russian Press House, received notice of that organization's immediate eviction—within three days—from a building located at 19 Novyy Arbat St. The Russian Press House's previous move occurred a few months ago, when the building it then occupied was needed to house the Russian parliament. In this way approximately 40 Russian newspapers have been forced to deal with moving instead of doing their jobs.

26 April: Sports journalists arriving at the awards ceremony for Olympic champions at St. George's Hall in the Kremlin were refused admittance.

29 April: According to information provided to MOSKOVSKIY KOMSOMOLETS by unnamed sources, a memorandum has been circulated within the President's administration forbidding staff members to have contacts with journalists. This applies in particular to those who are oversee powerful structures or have access to classified documents.

Tajikistan

18 April: Employees of the republic's newspaper and magazine industry went on strike to protest nonpayment of their salaries for three months. Also, printers are experiencing shortages of paper and offset printing plates, causing large gaps in newspaper and magazine publication schedules.

Turkmenistan

10 April: Turkmenistan's president signed an edict removing Dzhumadurdy Nepesov, editor-in-chief of the magazine YASHLYK, from his position. Appointed to replace him was Durdymukhamet Kurbanov, who is secretary of the presidential press service and has written two books about Saparmurad Niyazov. YASHLYK journalists expect that when the new editor arrives the entire editorial staff will be fired.

Ukraine

April: On the night of 9-10 April an explosion occurred at the editorial offices of MESHCHANSKAYA GAZETA (Simferopol, Republic of Crimea). The blast destroyed windows and doors in the building. In the opinion of MESHCHANSKAYA GAZETA's editor this act was

directed at the newspaper, which is the most popular in the Crimea and constantly prints articles about corruption in the highest echelons of power.

Estonia

April: Members attending a meeting of the Central and Eastern European Newspaper Publishers' Association sent a letter to Estonian Prime Minister Mart Laar, calling on him to refrain from ideological pressure on the media.

1 April: Broadcasting of programs from Russia's Ostankino Television was terminated in Estonia due to nonpayment of debts. The motives behind this were that, firstly, Ostankino was supplying hostile information and, secondly, there was no other means of forcing the Russian-speaking population to take an interest in Estonian news programs.

4 April: Forty Estonian Parliament deputies proposed that that country's government replace the board of the state-owned Rahva Haael joint-stock company and cease its persecution of the newspaper EESTI SONUMID. On 28 March the company's board fired Toomas Leito, editor of the newspaper RAHVA HAAEL, who the following day announced his intention to begin publishing the newspaper EESTI SONUMID. The Estonian Parliament deputies stated that "this event makes it possible to include Estonia in the list of countries where freedom of the press is in danger."

The Glasnost Defense Fund is grateful to anyone who is interested in protecting freedom of speech and can provide information regarding persecution of journalists and the press.

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CIS Committee Chairman Interviewed on 'Near Abroad' States**Zatulin Notes Inevitability of RF 'Satellites'**

944Q0365A Moscow NEZAVISIMAYA GAZETA
in Russian 5 May 94 p 3

[Interview with K. Zatulin, chairman of the State Duma Committee on CIS Affairs and Relations With Countrymen, by I. Rotar; place and date not given: "Become Our Satellites or Perish"]

[Text]

That is the view held by Konstantin Zatulin, chairman of the State Duma Committee on CIS Affairs and Relations With Countrymen.

Revelations

[Zatulin] I am an admirer of the empire if it is understood as imperial peace. I am not a proponent of ultranationalist empires and regard that concept as a means for the maintenance of peace. There is such a concept as sphere of influence, sphere of vital interest, regardless of whether you are a democrat or not. A small country must be happy that it is within the sphere of influence of a big power. A vivid example of that is the economic blossoming of postwar Japan when it was under the aegis of the U.S.A. The policy in the CIS is the domestic policy of Russia whether that offends anyone or not. We must win our special role in the near abroad.

[Rotar] Do you recognize the territorial integrity of countries of the near abroad?

[Zatulin] It is impossible to be pulling chestnuts out of the fire for others and recognize the territorial integrity of states which never existed within those borders. With all due respect for those states, many of them are destined to become our satellites or perish and I recognize their territorial integrity right up to that degree.

[Rotar] What meaning do you attach to the concept of a satellite?

[Zatulin] Countries of the near abroad must conclude special agreements establishing their special relations with Russia. That is neither relations within the framework of the USSR nor is it simply membership in the CIS the effectiveness of which is under question. Our special relations must deal primarily with the economy and the problem of national minorities living in those states. Russia must assume the protection of Russians living in the near abroad. If the national minorities live in compact groups, they must be granted autonomy—the state must become a federation. The special status of regions populated by national minorities must be backed up with guarantees from Moscow.

[Rotar] Could you indicate specifically which of the countries in the near abroad should have autonomies?

[Zatulin] Georgia—Abkhazia and South Ossetia. Moldova—the Dniester Region and Gagaus. Kazakhstan—northern part of the republic. Ukraine—eastern regions and Crimea.

[Rotar] How do you view the political situation in Georgia?

[Zatulin] The viewpoint that everyone, except the Georgians, is responsible for its troubles is still prevalent in Georgia. Recently, for instance, we had a meeting with a Georgian parliamentary delegation and one of its members consistently stressed that Russia must grant every concession since Georgia made a sacrifice by joining the CIS. This is some kind of a hypertrophied concept of reality. Let us begin with the fact that Russia helped the current leader of Georgia win in the most acute domestic confrontation with the, by the way, legal, president Eduard Gamsakhurdia. That gave Shevardnadze a great advantage (I am not even going to mention that Russia saved him from death in Abkhazia). Russia confirmed the territorial integrity of Georgia whereas in reality it does not exist, helped the republic economically, and in return received only the entry of that state into the CIS which thus far is a rather amorphous formation.

[Rotar] In your opinion what future awaits Ukraine?

[Zatulin] This is a complicated question. I believe that here there are fewer chances than in Moldova and Georgia that objective realities will be recognized. One political wing (mainly those who came from Western Ukraine) is adamantly dreaming of participation in all foreign political blocs hostile to Russia and visualizes the only possibility for existence of an independent Ukrainian state to be with the support of the enemies of Russia. But I am still hoping that the resolution of the problem will be the same as in Moldova and Georgia: alliance with Russia and a special status reinforced with guarantees by Moscow for eastern regions and Crimea. This is the only relatively peaceful outcome. The other variant means the disintegration of Ukraine.

[Rotar] Today Russian soldiers are dying in Tajikistan. One of the more widespread explanations of the reason for nonwithdrawal of the Russian army from that country consists in that Russia has no funds for the maintenance of a new border region. But even today Moscow is compelled to invest significant sums in that country. Tajikistan may turn into a bottomless pit for Russian money.

[Zatulin] Any expenditure is justified to preserve that outpost.

[Rotar] Do you have disagreements with the Russian MID [Ministry of Foreign Affairs]?

[Zatulin] After December, you understand what I am referring to, the Russian MID sharply changed its positions and our official positions are practically the same. It is true, I do lack confidence that declarations of the Russian MID will be implemented in practice.

Zatulin Denounces Correspondent's Version of Interview

944Q005B Moscow NEZAVISIMAYA GAZETA
in Russian 11 May 94 p 2

[Letter to the editor from Zatulin: "I am not Bismarck, but..."]

[Text] It is said that the average Frenchwoman can make three things out of any material on hand: a hat, an umbrella, and a tragedy. It was with interest that I acquainted myself with the attempt by Igor Rotar to present my views on the near abroad ("Become Our Satellites or Perish" in NEZAVISIMAYA GAZETA, 5 May of this year). It seems to me that this is a contemporary variant of how with the aid of uncomplicated tricks, misrepresentation, double entente, and rearrangement of words coming from me, direct speech under the heading of "Revelations" is transformed by a foreign correspondent into a tragedy or an Ems dispatch.

At one time in editing an innocent text of a dispatch Bismarck precipitated the Franco-Prussian War. Naturally I cannot claim to be Bismarck or someone as important as he, but I categorically object against the situation where I, Rotar, acting as a guide and interpreter for his Japanese colleague at the meeting some month-and-a-half ago, now becomes wise at my expense, juggling the text which I have never seen.

Such an interest manifests itself particularly in the way in which the question regarding Tajikistan is posed and the manner in which the correspondent patiently coaches "my" reply, sharing wisdom and truth. But unfortunately he cannot get an intelligent answer from his slow-witted interlocutor as to which is better: have one's head torn off or go on vacation.

On the eve of Victory Day it is worth noting the fact that the word satellite in the newest Russian philology has a pejorative connotation which the word ally does not have at all and the author undoubtedly must know that. I leave "my revelations" of the type: "A small country must be happy that it is within the sphere of influence of a big power," as well as the abundance of military field terminology (such as "winning", "dying," etc.) on his conscience. "I think that Russia, just as the USA and the entire world community, is not indifferent to the observance of the rights of an individual and not only a Russian one and not just in the YuAR [Republic of South Africa] but in the CIS as well.

The topics touched upon in this piece constitute material for a long article and not a brief comment. I will limit myself to the observation that CIS countries are not bowling pins and Russian journalists, in the intervals between representation of foreign professional interests, should not attempt to place all of those in the Duma in moulds of Vladimir Volfovich [Zhirinovskiy], even if they have been stored up for use in future articles.

Respectfully,
Konstantin Zatulin, 6 May 1994

[From NEZAVISIMAYA GAZETA Editor] We are publishing the letter from Mr. Zatulin, but because of the conflicting situation that developed the editorial office will now be forced to carefully compare the text of the taped interview with what was published in the NEZAVISIMAYA GAZETA and then return to this topic. The editorial office, however, is certain that Mr. Rotar does not speak either Japanese or English and therefore could not have been "an interpreter for a Japanese colleague" as asserted by Mr. Zatulin. Nevertheless the editorial office is also entertaining those premises of Mr. Zatulin which are illegitimate.

ECONOMIC AND SOCIAL AFFAIRS

Semiannual Commercial Banks' Activity, Prognosis for Future

944E0800A Moscow DELOVOY MIR in Russian
No 89, 25 Apr-1 May 94 pp 4, 5

[Article by Nina Zhukova and Georgiy Ostapkovich: "Business Activity of Commercial Banks in Russia"]

[Text] The Center for Economic Conditions of the Russian Federation Government has conducted its regular survey of the business activity of Russian commercial banks for the second half of 1993 and their intentions for the first half of 1994. Some 82 commercial banks of Russia participated in the survey. These include 22 small banks (with authorized fund of up to R200 million), or 27 percent of the total number of banks surveyed; 20 mid-size banks (with authorized fund from R201 to R500 million), or 24 percent; 14 large (with authorized fund from R501 million to R1 billion), or 17 percent; and 26 major banks (with authorized fund over R1 billion), or 32 percent of the total number of banks surveyed.

It must be noted that the time frame for conduct of the survey coincided with publication of the decision of the Russian Federation Central Bank to increase, effective 1 March of this year, the minimum authorized capital for newly registered commercial banks from R100 million to R2 billion, and bring the authorized fund of banks to 5 million ECU prior to 1999. The new rules reflect an objective orientation on the part of the Central Bank to effect the establishment in Russia of fairly large and stable commercial institutions with a developed branch network. In spite of the fact that presently existing small banks are capable of operating relatively comfortably for another five years, the results of this survey show a definite pessimism on the part of the directors of small banks with respect to their future prospects. The assessment of changes in the many indices characterizing the activity of these banks up through the end of the current half-year period is worse than the actual situation that has taken shape for the second half of 1993.

Overall Results

Bank directors predict development of the situation in Russia's monetary and credit market in the first half of 1994 as follows:

- two-thirds do not expect a worsening of the financial and economic situation in the banking system as a whole, including 35 percent who are hoping for an improvement;
- 60 percent report a possible strengthening of the financial and economic situation of their banks;
- eight out of 10 respondents expect increased profits;
- almost 90 percent predict an increase in their bank reserves;
- about 75 percent of the bank directors do not intend to reduce the share of total volume of attracted capital that consists of interbank credits, and 44 percent expect this to increase;

- virtually no bank intends to reduce its staff, and 65 percent are planning on augmenting this;
- only one bank out of 10 expects an improvement in the financial and economic situation of its state enterprise clients;
- only 20 percent of the banks propose to expand their deposit base by virtue of state enterprises;
- 68 percent of bank directors do not expect a deterioration in the financial and economic situation of commercial structures being provided services, and more than a third predict improvement here;
- virtually no one is planning on reducing the affording of credits to commercial structures, and 82 percent of respondents expect this will be increased;
- more than half state the possibility of expanded investments by commercial structures;
- 88 percent predict a growth in their number of clients among the populace;
- 90 percent of the directors intend to expand the deposit base of their banks through deposits by physical persons;
- eight out of 10 intend to engage in short-term loan transactions, and only 16 percent—in long-term credits.

The Financial and Economic Situation of Banks and the Banking System in General

As in previous periods, the majority of respondents noted no deterioration of the financial and economic state of the banking system on the whole in the second half of 1993. Some 70 percent stated there was in fact an improvement, and only 10 percent—a deterioration in the situation at their banks. According to predictions, the favorable situation in their activity will be maintained in the first half of 1994 (60 percent and 9 percent, respectively).

Directors of the major banks turned out to be more optimistic than the others. More than 75 percent reported an improvement, and less than 8 percent—a deterioration of the financial and economic situation of their banks in the second half of 1993. The most unfavorable situation was seen with respect to the small banks—63 percent and 14 percent of respondents, respectively. If we compare actual and predicted assessments, the latter were more pessimistic in the eyes of directors of all bank categories. In this regard, the smaller the banks, the less frequently their directors provided positive forecasts with respect to the current year. Thus, 81 percent of respondents from the major banks, 64 percent of those from the large banks, and 55 percent of those representing mid-size banks expected an improvement in the financial and economic state of their institutions (virtually no one predicted a deterioration). For the small banks, this index dropped to 37 percent (27 percent of the respondents expect a deterioration of the situation). Analysis shows the same kind of direct dependence linking the size of the banks with their expected profit.

As far as the state of the banking system on the whole is concerned, the most pessimistic assessments of both the actual second half of 1993 and the predicted first half of

1994 were expressed by the directors of small banks. Respondents from the mid-size banks were the most optimistic here.

Bank Clients and Their Financial and Economic Situation

The survey showed that the trend towards active enlistment by banks of physical persons and commercial structures as clients was maintained in the second half of 1993. In both instances about 90 percent of all those surveyed indicated an expansion, and practically no one—a reduction in the numbers of clients in these categories. Respondents make a similar prediction with respect to the beginning of 1994.

The overall reduction in bank clients comprising state enterprises continues. Respondents reported increases in the number of such enterprises as clients of their banks only half as often as they reported decreases (17 as opposed to 34 percent). Approximately the same distribution of assessments is expected for the first half of 1994.

On the whole, respondents assessed positively the change in financial and economic state of their clients comprising physical persons. Over half believed this situation improved; only one out of 10—that it worsened. According to predictions, the corresponding figures for the first half of 1994 are 48 and 15 percent. The opinion of the bankers regarding the past and present state of commercial structures is entirely ambiguous—in both instances, each possible response (improved, worsened, did not change) was indicated by about a third of the respondents. For comparison purposes, we note that in the beginning of 1993 more than half the respondents believed the financial and economic situation of businessmen had become more favorable. The bank directors provided an appreciably worse assessment of the situation of state enterprises than they did during the previous period—60 percent note a deterioration and just 7 percent—an improvement in the second half of 1993. For the first half of 1994, 51 and 10 percent, respectively, of respondents predict such change.

Attracted Capital

As in the beginning of 1993, two-thirds of bankers reported an increase, and less than 10 percent—a decrease, in the deposits of commercial structures in the second half of 1993. In this regard, only just over half predict that such deposits will increase during the current period (4 percent predict a decrease).

Directors of the mid-size banks reported an increase in the deposits of commercial structures significantly more frequently than the others—nine out of 10 so responded. Mid-size banks intend to a greater degree than the other categories to attract deposits of the nonstate sector of the economy in the first half of 1994.

In the second half of 1993, banks appreciably intensified their activity, as compared with previous periods, with respect to expansion of their resource base by attracting capital of the populace. More than 90 percent of respondents noted an increase, and virtually no one—a reduction. A similarly high degree of activity by banks among the populace in general is predicted for the current half year as well.

This trend, noted over the course of all surveys, shows that the absolute monopoly of Sberbank [Savings Bank] over deposits by the populace is gradually weakening. This is explained by the more flexible interest rate policy and broader range of services offered by commercial banks as compared with Sberbank.

Judging from the survey results, a reduction was seen in the second half of 1993 in the share of banks increasing their attracted capital by virtue of the deposits of state enterprises. Some 37 percent of respondents indicated a reduction, and only one-fourth—an increase in such contributions. The large banks clearly led in this respect (65 and 21 percent of respondents, respectively). A further reduction of the deposits of state enterprises is expected in the first half of 1994. Here only the mid-size banks are “falling out” of this trend. In evaluating the past and current periods, more than a third of their directors note an increase, and only 20 percent—a reduction, in the contributions of these enterprises.

A high dependence by surveyed banks on the market of interbank credits was observed over the course of all surveys. Approximately two-thirds of respondents regularly reported the expansion, and only about 15 percent—the reduction, of such credits. Mid-size bank respondents reported more frequently than other categories about increases and less frequently about decreases in the securing of interbank loans during the last half of 1993. For the current half year, however, it will apparently be the large and major banks that will be most active in the interbank credits market.

The interest rates of commercial banks on deposits continued to rise during the second half of 1993. Nine out of 10 directors reported an increase (and one out of 10—no change). Predicting the situation for the first half of 1994, 80 percent of respondents indicated such an increase. The interest rates of small banks increased to a lesser degree than those of other bank categories. The rise in interest rates of the large and major banks will decelerate over the current half year, according to the survey.

Credit Policy

No significant changes took place in the second half of 1993 in the credit portfolio of commercial banks, and no changes are expected in the first half of 1994. As before, commercial structures remain the main borrowers from banks. About 87 percent of respondents reported an increase in loans afforded these structures over the past half-year period, and 82 percent expect an increase during the current period (in both instances virtually no one indicated a decrease).

According to the survey data, major banks displayed the greatest activity in affording credits to commercial structures. None of these reduced, and 92 percent increased their extension of credits to these clients during the second half of 1993. During the first half of 1994, all the major banks are planning on increasing their credits. Major banks have also expanded and will continue to expand the amounts of hard currency afforded commercial structures to a greater degree than other categories of banks.

Despite the worsening of the financial situation of state enterprises noted by respondents, banks have continued to increase the credits afforded these structures, though in smaller amounts. In the second half of 1993, less than half (44 percent) the respondents reported increases here, and almost 30 percent—decreases in loans allocated to the state sector.

It is expected that during the first half of 1994, the number of respondents indicating increases will again go down (to 37 percent), and the number indicating decreases will remain at its prior level. In this regard, about 60 percent of banks did not lend hard currency to state enterprises. About 15 percent expanded, and 7 percent reduced their extension of hard currency credits during the second half of 1993. It is expected that the gap between these two indices will narrow during this half-year period, also that the major banks will be the most active bank category with respect to extending credits to state enterprises in the first half of 1994. This includes hard currency transactions as well.

Commercial banks significantly augmented the scale on which they provide services to the populace during the second half of 1993, as compared with the previous period. Some 45 percent of respondents reported an increase here, and only 9 percent—a decrease in loans extended to physical persons. For the current half-year period, these figures are 40 and 11 percent, respectively. Mid-size banks, as well as the major banks, expanded their provision of credits to the populace to a greater extent than other bank categories. According to predictions, mid-size banks will maintain a high degree of activity during the current half year. The large banks will join them.

Over the course of all the surveys, a stable 12 percent of respondents reported diminished extension of credits to other banks. The proportion of respondents noting an increase rose steadily, however. This percentage reached 27 percent during the past half year, and is expected to reach 32 percent during the current period.

Not a single bank reduced its rates on credits extended during the second half of 1993, and 93 percent increased these rates. Judging from the responses of bank directors, a certain stabilization around the level of the second half of 1993 is expected for the current half year with respect to the cost of obtaining credit. Over 20 percent of the respondents so indicated. Apparently, the real reduction in the rate of inflation seen in recent months enables us even now to evaluate the current rates as favorable.

The directors of small banks responded more frequently than those of other bank categories regarding the possibility of maintaining interest rates at their previous level. In addition to the above-mentioned factor, the fact that many small banks are greatly dependent upon their founders also exerts an influence on such expectations. Under the present circumstances they are often compelled to extend credits to their founders at lowered interest rates.

Priorities and Main Orientations of Credit Policy

During the second half of 1993, as before, short-term loans remained a priority in the structure of credits, almost 90 percent of the respondents reporting increases in this regard, and just 1 percent—reductions. The figures with respect to long-term credits were 16 and 34 percent, respectively, i.e., the scale of provision of investment credits diminished even more. In this regard, judging from the distribution of respondent replies, about 30 percent of the banks did not extend long-term credits at all. The intensity of expansion of short-term credits will apparently decrease somewhat during the current half year, while the reduction in extension of long-term credits will continue at approximately the same level. In this regard, whereas fewer than one-fourth of the banks maintained the level of such credits unchanged during the second half of 1993, this number is expected to be over 30 percent in the first half year of 1994, according to predictions.

At the same time, the survey results show that a rather significant group of commercial banks operating in Russia's monetary and credit market do not foresee a reduction in long-term credits in the first half of 1994. These comprise primarily the small (46 percent) and large (50 percent) banks. Whereas most of the small, "pocket" banks will be engaged in this activity by virtue of pressure founders exert on them, the large banks can be viewed as potential credit institutions prepared to engage in the financing of investment projects.

Clearly, the swiftest possible implementation of the main provisions affixed in the March decree of the Russian Government on financing and affording credits for capital construction in the Russian Federation could greatly minimize the risk to banks related to provision of long-term credits and could make this type of banking activity more attractive.

The survey shows that banking structures intend to increase their financial support to all sectors of the Russian Federation economy during the first half of 1994. The scale on which this support will be provided varies greatly, however. In the opinion of the bankers, trade is the preferred sphere of future credit investments. Two-thirds of all respondents predict an increase, and only one out of every 10—a decrease in such investments. About half of the respondents expect growth in credits extended to industry and only 15 percent—a reduction. The situation with respect to financial support for construction is noticeably worse. One-third of the bankers intend to increase their issuance of loans to this sector of the economy during the current half year, while 17 percent intend to reduce it. Investments in the infrastructure will increase to a lesser extent than investments in other spheres.

Large banks will expand their issuance of loans to the sphere of trade on a significantly larger scale than other bank categories, as stated by 86 percent of the large bank directors (none indicated any reduction in these loans). Credits afforded this sector of the economy by mid-size banks will increase more intensively than the sampling average.

Large banks intend to increase their financial support to industry to a greater degree than the others. About 65 percent of their directors reported a growth in extension of industrial credits, and just 7 percent—a decrease. Small banks are expected to show a low degree of activity. However, small banks lead the way in affording loans to agriculture. Their directors predicted growth of these loans more often (one out of two), and diminution less (14 percent). The major banks also intend to increase credits to agriculture, while mid-size and large banks intend to reduce them.

As far as the construction sphere is concerned, the following rule applies. The larger the bank, the greater the scale on which investments in it will increase.

Mid-size banks intend to support the infrastructure most actively. Their directors reported possible increases significantly more frequently than others (40 percent), and reductions—less frequently (5 percent) in the issuance of loans to this sphere.

It should be noted in conclusion that, on the whole, the predicted and actual assessments of bank credit policy in the second half of 1993 coincided. In this regard, bankers were somewhat more optimistic in predicting expansion of their clientele than in afterwards asserting the reality, while they were more pessimistic in assessing the future scale of expansion of attracted capital.

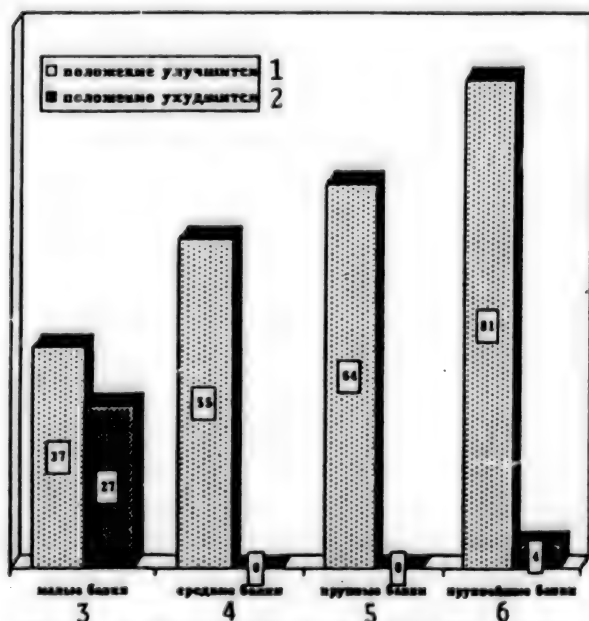


Figure 1. Assessments of Expected Changes Prior to the End of the First Half of 1994 in the Financial and Economic Situation of Banks With Differing Authorized Fund Levels (in percentage of respondents within the given bank category)

Key:—1. Situation will improve—2. Situation will worsen—3. Small banks—4. Mid-size banks—5. Large banks—6. Major banks

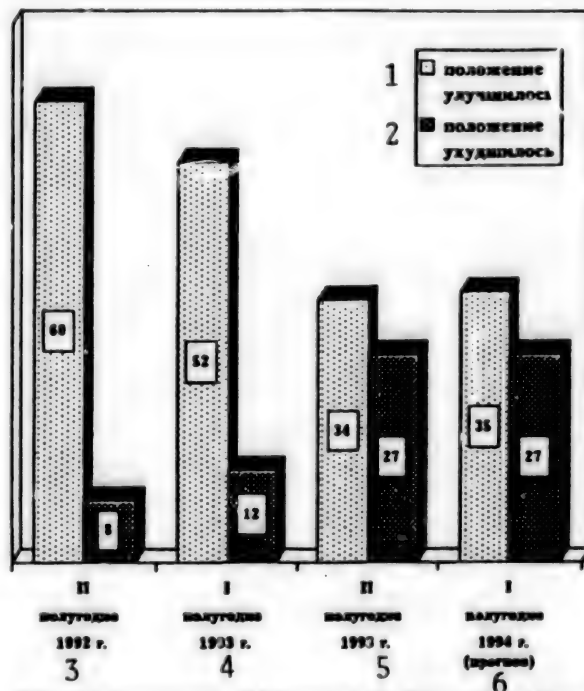


Figure 2. Assessments of Changes in the Financial and Economic Situation of Commercial-Structure Bank Clients (according to the results of three surveys; in percentage of respondents)

Key:—1. Situation improved—2. Situation worsened—3. Second half of 1992—4. First half of 1993—5. Second half of 1993—6. First half of 1994 (prediction)

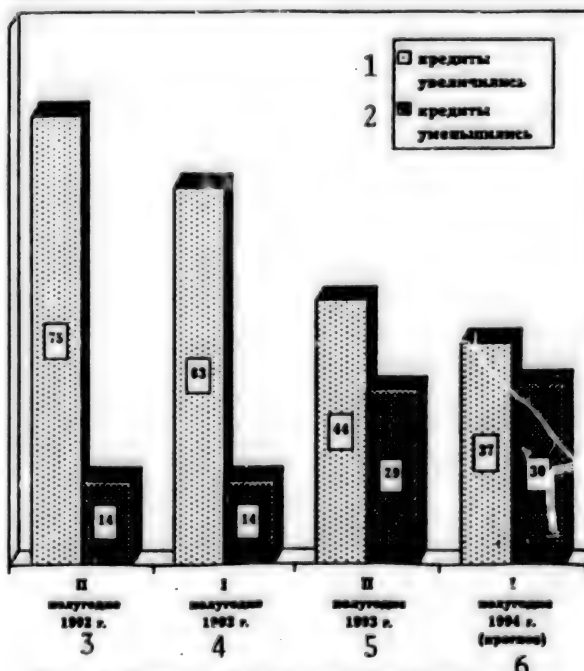


Figure 3. Dynamics of the Issue of Bank Credits to State Enterprises (according to the results of three surveys; in percentage of respondents)

Key:—1. Credits increased—2. Credits decreased—3. Second half of 1992—4. First half of 1993—5. Second half of 1993—6. First half of 1994 (prediction)

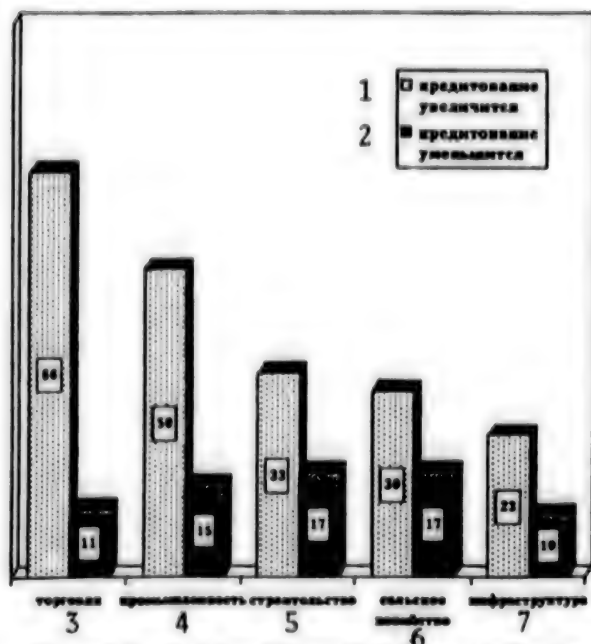


Figure 4. Credit Policy of Banks With Respect to Certain Sectors of the Russian Federation Economy in the First Half of 1994 (in percentage of respondents)

Key:—1. Credits will increase—2. Credits will decrease—3. Trade—4. Industry—5. Construction—6. Agriculture—7. Infrastructure

Draft Budget Shows 'Real Intentions'

PM1805160394 Moscow IZVESTIYA in Russian
18 May 94 p 9

[Article by economist Andrey Illarionov from "Ekspertiza" section: "Budget As Mirror of Government's Real Intentions"]

[Text] The budget submitted by the Russian Government to the State Duma concentrates its main passions, political intentions, and targeted priorities:

- a costly state;
- the bureaucracy's financial revenge;
- discrimination in education, science, culture, art, the legal system, and all civil society;
- open allegiance to power structures;
- a return to the practice of monstrously inefficient state expenditure;
- payment of for the political support of agrarian and other lobbies;
- deceiving its own country and the world community.

In any country the presentation of the state budget to parliament is a very important political event. No other documents—programs, statements, and promises—can reveal either the alleged or real intentions of the government as can the budget.

The draft federal budget for 1994 with its recent April corrections submitted by the Russian Government to the State Duma clearly shows what the features of the new stage of "continuation of the reforms" are and what the aims of the present government team are. This is all the more interesting because "in this document," as V. Chernomyrdin has frequently stressed, "we have tried for the first time in many years to tell the truth and only the truth."

What is the truth about the state budget?

Let us compare the three draft budgets for 1994. The first was prepared in February to a considerable extent under the influence of B. Fedorov, who at the time had only just left the government. The second was derived from the first as a result of numerous discussions and amendments in the direction of "greater feasibility" and "greater inflation security" and was submitted as an official draft to the Duma in March. Finally on 26 April—immediately after the session of the IMF directorate which officially granted Russia the second part of the systemic credit—the government sent the Duma the new draft budget with an increased deficit. The differences between these three drafts come down to a change in the relationships between the various items.

Sociocultural measures were subjected to the biggest change. Whereas in 1992, not the best year, 10.3 percent of all state expenditure was channeled into these purposes, in 1993 the figure was 7.8 percent and according to the March draft of the budget it was 6.8 percent and according to the April draft 6.4 percent.

Expenditure on national education shows the same tendency—5.8, 3.9, 3.9, and 3.4 percent respectively.

Financing for fundamental scientific research was in no better a position. The government leadership's repeated statements and promises to support science acquired concrete expression in a reduction in science's share in all state expenditure, from 2.6 percent in 1992 to 2.2 percent in the 1994 draft.

The programs and spheres also subjected to reduction included the conversion of the defense industry, the conservation of the environment, the legal system, reserves, and the supplementing of state stocks, the implementation of international arms limitation treaties, and the extinguishing and servicing of the foreign debt.

Against the background of the mass reductions the budget items for which expenditure is growing both relatively and in absolute terms deserve special attention. Thus, for instance, according to the February version of the budget it was planned to spend 0.5 percent of all state expenditure on pure subsidies for agriculture, while in the March version the figure was 2.2 percent and in the April version 2.6 percent. In all in February it was planned to spend 1.3 percent of all state expenditure on agriculture, in March the figure was 2.8 percent, and in April 7.4 percent. And this is obviously not a limit since agricultural workers are still dissatisfied and the government, in its 23 February decree, promised them nearly 12 percent of all expenditure.

Expenditure on agriculture for various items is increased in varying degrees. Whereas expenditure on maintaining agricultural production is increasing by a factor of 25 as a

whole, expenditure on the development of private farming is only increasing by a factor of 11 while expenditure on the acquisition of imported output for agriculture increased by a factor of 96! Now it is becoming clear who is getting the funds saved at the expense of our teachers, doctors, scientists, and cultural and art workers.

Graphic evidence of the government's resolute return to the "trench digging" practice of the pre-reform years was the increase in expenditure on one of the most ineffective and corrupt avenues for the use of state funds—centralized investments. Their proportion in the GDP is to increase from 1.7 percent in 1993 to 4.8 percent in 1994.

Expenditure is also increasing on defense (4.7 percent of the GDP in 1992, 4.4 percent in 1993, and 5.1 percent in 1994); on law enforcement activity and the security organs (1.3, 1.5, and 1.7 percent of the GDP respectively); and on mobilization training (0.02 percent of the GDP in 1993 and 0.05 percent in 1994).

Generally speaking even the present 20 percent of overall state expenditure which goes on defense is the level of the prewar years of 1913 and 1940 and also of the time of the most acute confrontation between the USSR and the United States during the Cold War. Are we planning to go to war again?

Another record-beater in terms of the pace at which expenditure has increased was the "state management" item, particularly that part relating to the central apparatus of ministries and departments. With an average growth rate of 470 percent for all budget expenses, expenditure on the maintenance of this part of the state machine is increasing by a factor of 17.3 and its share in the GDP is quadrupled—from 0.05 percent to 2 percent.

Since Government apparatus leader V. Kasov asserts that the numerical strength of the number of those employed in the federal organs of power has remained constant for several years now—about 35,000 people—and premier V. Chernomyrdin even speaks of reducing the size of the organs of state management and the numerical strength of the apparatus workers, this increase in expenditure means that each one remaining will have a considerably more substantial share of the national pie. As a result average expenditure "per federal apparatus capita" will increase from 200,000 rubles [R] a month in 1993, which was 3.4 times more than the average wage for the national economy (R59,000) to about R3.5 million a month, which is over 12 times the average Russian monthly salary in 1994 (R280,000 according to the Ministry of the Economy forecast). So that the Russian bureaucrat will seemingly not disappear.

In addition it is planned to increase the proportion of funds channeled to help other levels of power from 2 percent to 3.4 percent of the GDP. The central government thus receives an additional financial lever for exerting influence, including political influence, on the situation in the regions.

Since the main aim of the March and April amendments to the budget, as the premier stated, was to reduce its inflationary potential, we should look at what kind of a change there has been to that part of its deficit which is covered by

Central Bank credits and thus generates inflation. The February draft provided for a loan of R35 trillion (4.8 percent of the GDP) for the purpose, the March draft proposed R38 trillion (5.2 percent of the GDP), and the April budget R44.4 trillion (6.1 percent). Consequently the inflation threat is not decreasing but increasing. At the same time this is the best illustration of the way the government leadership's loyalty to the word it gave at the talks with the IMF that in any case Central Bank credits would not exceed 5 percent of the GDP.

Moreover, the Russian tradition of executing the budget is known for the fact that the amendments regularly made to it reduce its revenue and increase expenditure and consequently the deficit. That this tradition is not forgotten is borne out by recent government decisions. The story of the scandalous reduction of excise for vodka and spirits had not been forgotten, less than two weeks had elapsed since the budget was submitted to parliament, yet the government had already decreed that the Izhevsk production association of machine building enterprises be exempted from excise on motor vehicles and that expenditure on the coal sector be increased. A few more weeks elapsed and there was a new increase in expenditure. This time 90 percent of their increase is intended for the agrarian lobby. Obviously this is not the final amendment.

Now we can understand the government's real intentions. The approval of the budget by the State Duma as a law will mean the deputies' public solidarity with that system of views.

Soskovets Cites Crisis Data, Proposed Government Solutions

944E0806A Moscow ROSSIYA in Russian
No 17, 4-10 May 94 p 3

[Article by Oleg Soskovets, first deputy chairman of the government: "We Have Entered the Most Difficult Phase of the Transformations"]

[Text] The establishment of market relations is continuing in Russia's economy and measures are being taken to reduce the social costs of the transition period. Measures have been taken to curb inflation. The process of privatization is going relatively dynamically. The nonstate sector of the economy is gathering speed. The rates of decline of investment activity have slowed up. The consumer market is being restored. The country's foreign trade balance has been reduced to a positive total.

Nonetheless, in spite of certain successes, the situation in the economy remains unstable. Last year crisis processes were not halted. The gross domestic product decreased by 13 percent, industrial production—by more than 16 percent, agricultural production—by 4 percent, capital investments—by 16 percent, and foreign trade turnover—by 13 percent. Prices of goods and services increased more than ninefold.

The socioeconomic situation that developed during the first quarter of this year is characterized by a continuing decline of the volumes of industrial production and a lowering of the level of capital investments with a simultaneous increase in prices of industrial products and

consumer goods. Measures taken by the government are still not producing the desired results. The greatest decline in the first quarter of this year occurred in the machine-building, chemical, metallurgical, and wood processing industries. The production of consumer goods and food-stuffs continues to decrease. For certain goods in light industry—from 15 to 54 percent. In February alone as a result of the closing down of 4,500 enterprises, 22 million man-days of work time were lost. Production has come to a complete halt at 428 enterprises, including such large ones as the "Kirovskiy Zavod," LOMO, the Baltic plant, "Rostselmash," and many others.

This is occurring because of the lack of funds and because of difficulties with product sales. This accounts for up to 60 percent of the losses. Practically all branches and sectors of the national economy have come up against this strict limitation of demand. There is no possibility and sometimes even no hope of selling products that are produced. Inflation is exacerbating the economic crisis.

As usual, nonpayments are still problem number one. While during the first half of last year monetary funds available to the enterprises exceeded the defaulted indebtedness to the suppliers, during the second half they amounted to only half the sum of indebtedness. During the first months of this year we came right up to the indicators of the summer of 1992. Now, however, commodity producers are tightening the strings: If there is no money, there will be no deliveries. As a result, indebtedness on wages has become worse. Today it amounts to more than 2 trillion rubles [R].

The problem of nonpayments has been tormenting the Russian economy for two years now. There is the widespread opinion that nonpayments arise as a result of the government's severe financial-credit policy. Perhaps this might have been fair regarding 1992, but now the situation is completely different. In my view nonpayments today are brought about primarily by debts of the budget and the CIS countries to the Russian commodity producers, particularly the fuel and energy complex. In the second place is the lack of control of monetary flows and the concealed redistribution of funds among various enterprises and entire sectors of the economy. Frequently money that is supposed to be used for settlements with suppliers and for augmenting circulating capital is used to increase wages, to cover notes, and so forth. Nonpayments are increasing because of the lack of demandingness on the part of those who extend credit to the debtors. For some reason they all apply to the government for money but they are in no hurry to file charges for reimbursement of losses from the debtors. A third reason I would call the inability on the part of many enterprise managers to engage in increasing production effectiveness, reducing outlays, updating output, and expanding the sales network. We would like the enterprises, banks, and financial institutions themselves to find a way out of the situation that has developed. Many interesting plans are being suggested. For example, "Tveruniversalbank" has developed and is implementing a system for straightening out nonpayments with the emission of their own notes. So it is not mandatory to wait for financial support from the government, they can act on their own. The state, of course, settles debts, but its debts

make up no more than 20 percent. The remaining 80 percent are debts of enterprises to one another. The government cannot take responsibility for them.

The Russian economy has entered the most difficult phase of its structural transformations. It is necessary to exert every effort so that these transformations bring the country not the usual problems but signs of improvement.

The government has begun to revise the list of projects to be supported by the budget. Existing legislation on bankruptcy is beginning to be enforced taking into account the priorities of the structural policy and its concrete objectives this year. It is proposed to shut down a number of branches that are operating at a loss or are ineffective and to adopt measures for social adaptation of discharged workers. Next in line is the adoption of measures necessary for creating conditions for development of the activity of Russian commodity producers in markets of the CIS countries. It is necessary to find ways of restoring investment activity and providing for an influx of capital into industry from other sectors of the economy by attracting free financial funds of the banks and the population.

In the near future the government intends to take a number of additional measures to stabilize the situation in the Russian economy. It has been decided to render state support to enterprises of the coal industry. During the first half year alone, in keeping with the developed schedules, R3.4 trillion is to be paid from the budget to them. A decree has been adopted concerning repayment during the first quarter of mutual indebtedness for a number of members of the defense industry and the agro-industrial and fuel-energy complexes. In order to increase the effectiveness of utilization of investments, a provision has been established concerning financing and granting credit for capital construction. Proposals have been prepared for stabilizing the work of enterprises of the fuel and energy complex. The government has taken a stand in questions of quotas for shipping strategic raw material resources, import customs duties, and a list of federal target programs financed this year from the budget. Next in line are proposals concerning state regulation and control of railroad rates and also rates for electric and thermal energy. In order to provide for payment of wages in the fuel and energy complex and the timber and wood processing industry it is permitted to leave up to 50 percent of the funds from product sales in the accounts of the enterprises. I would say that not all of the aforementioned measures can be called 100 percent market measures, but the government has been forced to resort to them.

State Warns Citizens Against Risky Securities

944E0806B Moscow *RABOCHAYA TRIBUNA* in Russian
11 May 94 pp 1-2

[Address from the Ministry of Finance of the Russian Federation to the Citizens of the Russian Federation: "Beware of Tricksters"]

[Text] At the present time in the securities market a critical situation has developed wherein unscrupulous entrepreneurs, taking advantage of the fact that the population does not have enough experience in questions of acquiring

securities and that the legislation is imperfect for their own selfish purposes, are unfairly getting rich at the expense of others and undermining the population's confidence in conscientious participants in the securities market. In order to protect the interests of the investors and provide for normal functioning of the securities market, the Ministry of Finance of the Russian Federation suggests that all citizens involved follow the following recommendations when buying and selling securities.

1. First of all, gather as much information as possible about who is issuing the securities you have decided to acquire (that is, the issuer).

If the issuer is a bank or a credit institution, find out how many years it has been functioning, what its authorized capital is, and the kinds of banking operations for which it is licensed.

2. Make sure that the securities have been through state registration and attentively study the prospectus for the issuance of securities registered by the financial organs.
3. Never trust advertising statements. A decision to invest money in securities may be made only on the basis of a comprehensive analysis of the prospectus for the issuance of securities, bookkeeping reports, the nature of the activity of the issuer, and the overall conditions of the market in which the given issuer is operating.
4. When completing transactions with securities use only the services of professional participants in the securities market (investment institutions with the appropriate licenses).
5. Make certain that the seller is the owner of the securities or an employee of the owner of the securities. If the seller of the security is acting on instructions from the owner of the securities (on the basis of a commission agreement or instructions agreement) he must be a worker of the investment institution and have a qualifications certificate of the first category (that is, it is necessary to demand a Xerox copy of the license for the right to conduct activity as an investment institution and a Xerox copy of the qualification certificate of the first category).
6. It is recommended that the transaction for purchase and sales of securities be documented in the form of a written contract which must specify: the procedure for settlements in the transaction, the procedure for entering the new owner in the stockholder's register, the procedure for paying the tax on the operation involving securities, etc.
7. Register the transaction in an investment institution, a bank, or with the issuer whose securities you are buying.
8. As practice shows, at the present time the most risky things are to invest money in bills of exchange and to grant loans through concluding loan contracts. Issuing bills of exchange and concluding loan contracts do not require either state registration or the acquisition of any kind of special permission (license), and this is why these financial instruments are used most frequently by unscrupulous entrepreneurs in order to deceive the population. Here neither the issuer of the note nor the

borrower under the loan contract, as a rule, reveals any information about his financial position or the nature of his activity. Remember that when concluding a loan agreement you are entering into civil-legal relations with the borrower and in the event of a conflict you may defend your interests only through the courts. The specific nature of the bill of exchange is such that the absence of even one of the mandatory requisites makes it invalid.

If you decide to purchase bills of exchange you should know that the most reliable ones are bills from large banks and banking syndicates.

9. Remember that investing funds in nonstate securities practically always involves a risk. The fact that the securities you buy have been registered by the state is no guarantee of a return on the money you have invested or of the reliability or profitability of these securities. The main axiom for investment activity in the securities market is that the greater the profitability of the securities, the greater the risk.
10. Do not give in to the general tendencies to invest your money for interest that exceeds the average market interest many times over.

Remember that the founders of a joint-stock company are responsible to the other stockholders only within the limits of their personal contribution to the authorized capital. Investments in joint-stock companies with small amounts of authorized capital that have declared issuances thousands of times greater than their authorized capital are extremely risky.

Lack of Laws on Property, Privatization Criticized

944E0806C Moscow RABOCHAYA TRIBUNA
in Russian 7 May 94 p 2

[Interview with Sergey Burkov, chairman of the Duma Committee on Property, Privatization, and Economic Activity, by Vladimir Chernyshev; place and date not given: "Parliamentary Hearings. An Intelligent Law Is Not Born in a Hurry"]

[Text] *The parliamentary hearings on the course of privatization conducted recently in the state Duma confirmed: The State Committee on the Administration of State Property of the Russian Federation will continue its work "outside laws." And the esteemed department does not wish to burden itself with developing drafts of them. The victorious reports about privatization encompassing all of Russia, the triumphant news conferences and the corresponding publications are intended to give the appearance of well-being. And this is against a background of an almost total lack of the legislative base necessary for destatization.*

But when will there be viable Russian laws protecting property owners from the omnipotence and arbitrariness of the bureaucracy. And finally, how did the hearings that were conducted go? With these questions I "attacked" the chairman of the Duma Committee on Property, Privatization, and Economic Activity, Sergey Burkov. And here is the answer I heard:

[Burkov] There were extremely stormy and lengthy debates. For two days they discussed the results of the first stage of privatization, the concept of the state program for privatization of state and municipal enterprises, and also problems of administration of state property. Today the process is regulated basically by presidential edicts, decrees of the Government of the Russian Federation, and directives from the State Committee on the Administration of State Property. Frequently they contradict one another, which is taken advantage of by people who want to get rich quick. The process of privatization must be placed on a stable legislative-legal foundation.

[Chernyshev] If I have understood you correctly, it will be necessary to place the appropriate legal base under the practical actions of the executive organs of power.

[Burkov] Action without laws or outside of laws is arbitrariness. It is typical of totalitarian, antidemocratic regimes. In Russia it is time to create a rule-of-law state. The preconditions for this are established in the constitution of the Russian Federation. The deputies are trying to determine clear-cut and distinct contours of the revival of the Russian economy and imbue it with a dynamic, highly effective nature. Every Russian citizen must stand firmly on his two feet. But now they do not feel that there is solid ground underneath their feet.

[Chernyshev] How did participants in the hearings evaluate the report from the chairman of the State Committee on the Administration of State Property, Anatoliy Chubays?

[Burkov] The report of the State Committee on the Administration of State Property mentioned quantitative successes above all. As of the present day up to 70 percent of the objects of small-scale privatization have been placed in the hands of private owners. On the basis of medium-sized and large enterprises about 12,000 joint-stock companies have been created. The voucher stage is being completed. The main thing now is the qualitative content of the process, its coordination with Russia's long-term interests, its revival, and the raising of the level of well-being of Russian citizens. But the deputies still have not received a clear picture.

As we know, in spite of the fact that even profitable enterprises are being privatized, the budgets at all levels are failing to receive a considerable share of their revenues. The standard of living of the population is declining and the economy is faltering. Much of the confusion and many complaints have been caused by the existing and clearly too low assessment of the value of the privatized property. This allows all kinds of "nearly privatized" fly-by-night firms to buy up considerable amounts of national wealth for token sums.

Tendencies toward artificial separation of large technological conglomerates into autonomous units have been discovered. For example, pressure on the collectives "from above" has evoked a sharply negative reaction at the Nizhniy Novgorod automotive plant, the Chebarkul metallurgical plant, and in the collectives of many other complexes that have been created and are functioning successfully as a unified whole.

The Duma quite pointedly raises questions of developing mechanisms on the administration of state property, restriction of the authority of the owner among organs of state power, and effective administration of state shares.

The first stage of privatization has taken place. What next? Unfortunately, the Government of the Russian Federation has not yet submitted the corresponding draft laws.

[Chernyshev] Do you have any kind of information about their content?

[Burkov] I cannot answer that until the draft laws have been submitted. But any civilized state must protect the rights of its citizens. It is extremely necessary, for example, to have strict state control over the activity particularly of check investment funds, and they must be audited continuously.

The activity of "Technical Progress," "Oil-Diamonds-Invest," and certain other structures, which evoked a storm of indignation, could disrupt the process from within. Whom are firms like these "investing in"—the domestic economy, the West, or their own pocket-books? Unfortunately, privatization has brought about cases of abuse from the organs and workers of the State Committee on the Administration of State Property themselves, especially in the localities. The deputies are afraid that this mass of lawlessness could become critical. It is even being said openly that because of the corruption, impoverishment of the people, and unemployment there could be a social explosion. The legislators intend to clear the way for creative movement.

[Chernyshev] And how do you envision this path?

[Burkov] Dialogue, interaction, accord. Like the majority of deputies, I am convinced that the reforms that are being conducted must be coordinated with the entire order of public life and the Russian national character. This is the path of relying on our own forces, open and equal cooperation, harmonization of public life, and gradual formation of a market mentality. A certain "grab it" ideology has taken over now. We need new concepts, a new economic philosophy, the center of which is the working man.

Our committee recommended that the Government of the Russian Federation develop and submit to the Duma in the form of draft laws an integrated concept of privatization, the development of diverse forms of ownership, and a program for the corresponding actions. All segments of the population and not just individual parts or groups of it must be drawn into the movement toward a civilized market.

Alas, the executive power is still not letting go of the worst traditions of the command-administrative bureaucracy. Thus, for example, according to a schedule coordinated with the Government of the Russian Federation our committee was to have received a number of draft laws as early as March, but they are still not ready. As we know, the procedures for the work of the state Duma on draft laws take no less than two months. If the documents are submitted "for a vote" the deputies will be unable not only to study the documents but even to read them. Are some people really still living in those good old days when the entire hall "unanimously" raised their hands? What kind of democracy or profound and well-considered discussion

can there be then? Such relations not only do not correspond to the constitution of the Russian Federation but also lead to conflict among the branches of power and a continuation of the situation of lawlessness.

[Chernyshev] And what laws do the real proprietors need?

[Burkov] They need laws that reinforce their creative energy and develop the market and democratic process. I am speaking about drafts of the Civil Code of the Russian Federation, the package of laws "On Joint-Stock Companies," "On the State Enterprise," "On the Mortgage," "On Changes and Additions to the Law 'On Insolvency (Bankruptcy) of Enterprises,'" "On Administration of State Property," "On Securities and Stock Exchanges," "On Trustee Property (Trust)," "On Financial-Industrial Groups and Holding Companies," and possibly certain others. As one can easily understand, the laws must be adopted in packages, that is, one law cannot exist without another. Moreover, the package of laws must be formed for a specific state privatization program. And this is what we do not have.

[Chernyshev] Obviously it would be more reasonable to think about the path we have travelled and not rush forward recklessly.

[Burkov] Naturally. After all, even the deputies are asking the question—to what extent is privatization economically expedient? But we do not have a complete picture of where Russia's economy has arrived as a result of privatization. There is no register of state property. What proprietor can allow himself that? We do not even have an integrated set of statistics rather than individual ones on the financial condition of state and privatized enterprises. It is impossible to make any calculations.

I emphasize that the directives of the State Committee on Administration of State Property and other such acts are not the law. Therefore we need laws that protect the rights of the owner and regulate the privatization process. Nothing else is allowed in civilized rule-of-law states.

[Chernyshev] It seems to me that such laws should have already existed.

[Burkov] I hope that the arrears in legislative work caused by certain factors will still recede into the past. In any case our committee is aiming toward profound prognosticatory-analytical and at the same time operational work.

The only reliable compass in this is high quality of domestic legislation in the name of the revival of Russia and respect for the dignity and individuality of each Russian.

[Chernyshev] So our editorial office can get on the "hot line" where the readers can not only share what is bothering them but also make constructive proposals?

[Burkov] In any case, when developing decisions we will rely on the most diverse opinions of ordinary people, experts, and specialists. The extensive reader mail, the results of public opinion polls, expert assessments, and other channels of feedback can increase the "reserve of durability" of future laws.

For those wishing to share their thoughts, observations, and proposals we give the "hot line" number of the editorial office: 8 (095) 257-29-17.

FITUR Council Secretary Solovyev Critical of Privatization

944E0818A Moscow *RABOCHAYA TRIBUNA* in Russian 11 May 94 pp 1, 2

[Article by Arkadiy Solovyev, secretary of the Council of the Federation of Independent Trade Unions of the Russian Federation (FITUR): "Who Is Continuing the Game of Privatization Fool?"]

[Text] Privatization is one of the five most urgent problems of the present stage of shock therapy and stands right there in line—immediately following price liberalization, nonpayment of wages, stoppage of enterprises, and unemployment. A year or 18 months ago the working people hoped that the redistribution of property would, first, make it possible to obtain their due share of the socialist national pie and, second, be a boost to the development of production and a stimulus of a growth of production activity of both the owners of the means of production and the wage workers. But the practice of privatization under the leadership of the State Property Committee took a different route. A special edict of the president endowed the State Property Committee with the super-authority of a second government cabinet. More precisely, of the first, inasmuch as this decree itself took away, in fact, from all other ministers, the prime minister included, both the objects and levers of administration.

A series of subsequent presidential decrees and government decisions farmed out the actual mechanism and procedure of privatization wholly to super-officials of the State Property Committee, who both in the center and locally became the exponents of the fullness of power: giving away plants worth many billions of rubles, appointing directors, dismissing employees, selling fixed capital, and so forth. Not without compensation for themselves, of course.

It was here that real competition commenced both between the center and the local privatizers and within departments of the state property service as to who would "formalize" privatization facilities (that is, grant permits) more quickly and in greater volume (within the framework of the forced privatization program, one rate, in violation of the program, another, considerably higher). For additional "privileges" for this privatizing party or the other, special valuations. But we are not talking about this, about those who were admitted to the privatization pie (the government official and directors' nomenklatura, the new bourgeoisie). But about those who were not admitted to it, that is, all of us.

The popular notion that privatization Chubays-style has created tens of millions of property owners is being foisted on people. Even if we allow for the paltriness of the share of property that may be obtained in the process of the formation of stock companies by the able-bodied citizens of our country and those unfit for work, I dare say that not only have they not obtained anything, they have lost something even. And a considerable amount at that.

Popular wisdom says that you cannot, it would seem, lose what you do not have. On this basis citizens of our country in the socialist system truly not only did not have property, they were unable to have such.

But in those illustrious times the state undertook on the one hand, in accordance with the socialist constitution, to provide everyone with accommodations, work, pay, and so forth and, on the other, distributed via centralized social consumption funds all life's necessary social "benefits" assuring for everyone (other than the *nomenklatura*) equal conditions of survival: health care and health improvement, education and schooling, and so forth.

The inevitability of the demolition of a system to which we had become so accustomed was obvious to specialists from the moment of the market reforms. It was merely a question of how this would happen, with what economic and social losses and for whom. The incompatibility of the socialist rules of "social justice" with market conditions of management is graphically confirmed by the entire experience of Western countries also.

Privatization was chosen as the workhorse implement for the rapid and total destruction of both the economic basis of our state—public property—and also its social base—general wage-leveling and the social consumption funds. The first stage of privatization was geared to this and achieved its purpose.

It may already be said clearly and definitely at the completion of the first program of privatization who has obtained what and who has lost. I would distinguish three interested participants here: the state in the person of the organs of administration and the bureaucratic *nomenklatura*, the corps of directors as the economic *nomenklatura*, and all other citizens.

Understandably, the corporate interest for government bureaucrats amounted to ridding themselves of the onerous concerns connected with administration of a rotting economy with the maximum personal advantage.

For the corps of directors the interest amounted to changing from wage (albeit executive) labor into full masters of production. This was secured both by the appropriate privileges and the support of the state.

The most numerous party to the privatization process was distributed as follows:

- citizens unfit for work, who, aside from vouchers, obtained nothing (70-80 million retirees, handicapped children, and so forth);
- able-bodied citizens employed at enterprises not subject to compulsory (forced) privatization (45-50 million persons): persons in publicly funded institutions, the military-industrial complex, the agro-industrial complex, the army, students, and so forth may be attributed to the preceding group, in the main;
- employees of enterprises undergoing privatization (12-15 million persons).

It is understandable that the first and second could merely sell their vouchers at a price nowhere near comparable either with the nominal share of public property or, even

less, with that actually due to them, or invest them in roguish private investment funds. As last year's results showed, none of the 650 private investment funds produced any substantial profit on its shares. And if a comparison is made with the selling price of the voucher and following indexation, there is evidence of the direct losses of the shareholders even of the "honest" private investment funds. The majority of private investment funds, on the other hand, frankly cheated its clients either by distributing dividends with their own stock or by simply making off with the balance of the money.

Aside from all else, the voucherization of society performed another, no less important, special assignment: It became an additional most powerful tool of the inflationary barrage of the end of 1992 and the start of 1993, which came crashing down on our economy in a R1.5 billion money issue. Inadequately controlled, what is more.

But... was privatization to the benefit at least of the fortunate ones who work at a privatized enterprise and who thus became its shareholders and full owners? Truly, the majority of production enterprises were privatized (on the initiative of the directors) according to the second version, and the work force obtained, as people are attempting to explain to us, very many "undeserved privileges."

In what are these privileges expressed? Is it not in the fact that the employee has obtained nominal title to part of the spindle from the machine tool at which he works (whereas certain directors obtained the real right to manage the activity of the enterprise)?

I dare say that the "fortunate ones" acquired nothing other than an extra yoke in an increase in the power of both the directors and bureaucrats from the State Property Committee.

Now, with the easily attainable compact of the latter, even the weakest guarantees of the labor rights of wage workers, to whom wages may not be paid for months on end, with whom a collective-bargaining agreement may not be signed, for whom social services are not provided, and for whom there need be no occupational safety, have disappeared. Finally, it is possible simply, in the absence of control, and with impunity to take away from the employee his job inasmuch as the manager of the enterprise is the real boss.

New vistas of the privatization tyranny are being revealed in the activation of the second privatization program (post-voucher stage), in the course of which the last curtains of social interests and national goals—the stabilization of production and a revival of the economy—are being lifted from the process of the shareout of the remnants of national property.

It is perfectly obvious that not only those unfit for work but also able-bodied citizens are no longer able even in fictitious form to join in the property-shareout process inasmuch as the continuing impoverishment of the populace and the devaluation of manpower which has occurred in recent months have conclusively undermined the possibility of employees with earned income participating in the property shareout. I would recall that one out of every 10 inhabitants of the country is, in fact, going hungry, one

out of every five is below the line of the physiological subsistence level, and more than half are unable to provide for the survival (simple reproduction) of their families. Only 15-20 percent of citizens have wages above the minimum consumer budget. Thus only 5-7 percent of them can join in full in the process mapped out by the privatizers....

The view of the past and future of privatization that I have expressed says, obviously, nothing that is fundamentally new. The trade unions expressed their position and forecasts of the social consequences of privatization back on the threshold of voucherization. They have, unfortunately, exceeded the direst expectations in terms of scale of the violation of the citizens' labor rights, in terms of the exacerbation of social conflicts in the soil of privatization, and in terms of the orgy of corruption and malfeasance.

Academician on Privatization Failure, Private Property Revival

944E0822A Moscow NEZAVISIMAYA GAZETA
in Russian 13 May 94 p 2

[Article by Academician S. Alekseyev: "Private Property—A Factor No Less Powerful Than State Dictatorship"]

[Text]

Thus far privatization in Russia has failed

What could explain the fact that "radical" economic reforms launched in January 1992, despite a number of positive results, still did not produce the anticipated changes and, on the contrary, certain tendencies appeared that could bring Russia more trouble?

The decisive factors, consideration of which may yield an answer to the question that was raised, are the unusual and historically unprecedented complexities of the economic and social situation in Russia, a country that is yet to make a final break with totalitarianism, one which is entirely nationalized and ravaged, where the foundations and culture of "normal" private ownership were wiped out and private property lost its significance as a natural base of economic development and where monopolistic state ownership, authority for the sake of authority, imperial state dictatorship, and a system of compulsory and semicompulsory stimulation of labor by the state was established.

"Free" prices and other monetary measures on the whole eliminated state dictatorship from the sphere of prices and trade turnover. On their own they are incapable of transforming the totally nationalized, bureaucratic, prosocialist economy into a free market economy, eliminating state pressure from it (which in many ways has changed its form: from a distributor of resources and goods the state became the distributor of subsidies and credits, which, by the way, requires huge taxes).

Radical reorganization of the entire Russian economy may be attained not only through monetary measures and market freedom, but primarily through the revival of private property as a natural basis of economic relations, production, and the entire economy, under conditions of competition, i.e., a factor, which is no less powerful than state dictatorship but one that has an inexhaustible reserve

of creative energy, promotes natural motivation of labor and responsibility, while stimulating investments in production.

At the same time such a revival of private property capable of taking the place of the main regulator of production in a competitive environment did not occur in Russia. Official privatization, which it would seem should perform that task, was mainly limited to the sphere of trade and structures specializing in the marketing of natural raw material and currency operations abroad. With regard to the rest, however, attention in such "privatization" was focused on a prosocialist partition of a portion of state property among all fellow-citizens with the aid of vouchers (which, alas, intensified parasitical tendencies of "factory socialism") and sale of state property in the interests of the state budget as well as "general auctioning" promoted by the success of the partition of property using vouchers, which to a great degree acquired a formal character and often merely consolidated the status of "red directors," promoting the growth and legalization of our comprador bourgeoisie.

It was specifically because of the fact that privatization in Russia did not succeed and the dictatorial state command system was not replaced with another, natural, system of regulation and stimulation in the form of private ownership, that there was a failure in the economy, and formation of a void. It was specifically this failure which sent the parasitic "market" element spinning and churning, directed at quick and speculative profits achieved through the channeling of natural raw material abroad, resale, foreign currency operations, and machinations with vouchers, stocks, and credits.

Such a situation, a situation involving failure of the system of economic regulation and labor stimulation, precipitated processes leading to the destruction of the economy, a decline in production and labor productivity along with other alarming phenomena indicating the possibility that Russian society could degenerate into an unfavorable, tragic variant of capitalist development.

The alarming facts of our current reality are clearly evident, anyone can see them. Adherents of orthodox communism and a nationalized economy, as well as "proponents of the state" are utilizing these facts in full to substantiate the ideology of "turning back" to a "regulated" market, to a "mixed economy," or, in any case, to the "correction" and "slowing down" of reforms, and an intensification of state regulation in economic life. Unfortunately, under conditions of a disastrous situation, such moods have gained a certain popularity and even the support of some official circles. Even though, there is no doubt that such a policy would merely strengthen state-nomenclature type structures in the economy, increasing the state-capitalist tilt of one of the most unfavorable, dead-end variants of capitalist development.

One should assume that the way out of the situation which has been created must be a radically different one. Not "curtailing" or "slowing-down" of reforms but, on the contrary, attribution of a cardinal character to them and extension of reforms, their decisive conduct and involvement of the entire energetic, active population of Russia in that truly reformative process.

The key to such large-scale reformative activity is the revival of private property in a competitive atmosphere. Its revival in all of its forms—individual, family, and private—collective forms.

The very concept of privatization being conducted in Russia must be changed radically on the basis of these positions.

It is necessary to be firmly aware that under Russian conditions the revival of private property is impossible if privatization is concentrated on the free distribution of property, on the partition of even a segment of state property with the help of vouchers. By contrast with other countries, where truly private property already existed and privatization with the aid of vouchers merely consolidates and expands its subjective composition, under Russian conditions such a privatization policy only breeds consumer-parasitic moods, an aspiration of becoming a nonworking investor, along with elements of "factory socialism."

The direction which is presently coming into being in privatization—the auctioning of items of state property on a competitive basis, can also hardly be recognized as satisfactory.

The optimal path for development of privatization, which revives productive private property and competition—is the transfer of it to "real owners" and the acquisition of property by them for work. For work, that is for organization and modernization of rational modern production and a growing output of goods (services) in demand on the market. Perhaps the only obligation of the owner, naturally, along with the payment of taxes in such a transfer and such an acquisition, must be the obligation to modernize production and make mandatory investments of his own revenue in production.

It is necessary to note that with all of the alarming phenomena of the current period, favorable conditions still exist in Russia, probably uniquely favorable ones, for the economy to start working and take a path of dynamic development. They include the existence of significant material means, resources, and advanced technical and scientific potential in many areas.

Naturally, all of these are merely conditions, premises, which, in addition to everything else are being consistently lost, in the current crisis situation, as our economy is being destroyed, (they will not even be required very much in our Homeland if Russia slips into the unfavorable variant of capitalist development, the raw material periphery of the world capitalist system).

But the opportunity has not yet been lost and amazing results are still possible if our principal hope is realized—the power of the Russian spirit and selfless labor.

We are all witnesses to how the elimination of the coercive, enslaving burden of the state, and the acquisition of freedom and private property are rapidly releasing labor energy, tumultuous and frenzied—like everything Russian.

When production cooperatives and leased enterprises got the freedom to acquire private property in 1989-1991, the national economic sector formed by them, in the situation created by the disintegration of the entire Soviet economy

which had already started, proved to be the only one (the only one!) that manifested economic growth, including a rise in investments in production. It is sufficient to recall the amazing success attained by the Pechora production cooperative, headed by Vladimir Tumanov, as well as the fruitful work done by other vigorous supporters of a realistic cause (Svyatoslav Fedorov, Nikolay Travkin, and others) in order for it to become clear that even at that time our national economy was on its way to resolving the crisis and heading toward a general economic upsurge. Who knows, that may have occurred if the reformist forces would have been firmer and more systematic and if Russia was not overwhelmed by political passions and the merciless struggle for power.

This is why it is necessary to have a clear understanding at present as well that revival of private productive property has been called upon to become the decisive ennobling factor, unleashing creative economic energy.

A daring and decisive step is required by the government and the president. By those who can and must assume responsibility for the fate of Russia, for making it possible to withdraw from the brink of disaster and begin healthy economic development.

Law, Nicknamed 'Deprivatization' Proposed by LDPR

944E0817A Moscow *RABOCHAYA TRIBUNA* in Russian
17 May 94 p 1

[Article by Aleksandr Krotkov: "From One Scandal to Another: Farewell to the Voucher"]

[Text] *The closer the country is to completion of the stage of voucher privatization, the more passions heat up around who will control the privatized property and on what terms.*

For instance, a few days ago Moscow Mayor Yuriy Luzhkov issued a directive according to which "all rights with respect to managing Moscow property in enterprises' conversion to joint-stock holding and privatization" will be controlled by the capital city government. In keeping with the same document, the capital city government may take into trust management for a period of three years the shares of even those plants and factories that are federal property but until sold at auction are under the jurisdiction of the city property fund.

An interesting detail: The Moscow Government is willing to sell these shares before due time only in the event it finds it "economically expedient." The latter category, as anybody will agree, can be interpreted so broadly that the issue of selling will not arise at all—especially considering that Luzhkov, for purely political considerations, is afraid of the consequence of mass bankruptcy of major capital city enterprises, and in order to avert such a painful process will attempt, in the opinion of some, to stall the selling of shares through actions.

According to some reports, the head of the State Committee for Administration of State Property [GKI] reacted to the decision of the mayor—his old adversary—with extreme irritation. But an even greater headache for Anatoliy Chubays may be presented by the draft Law on

Regulating Property in the Russian Federation, officially submitted for State Duma consideration by the LDPR [Liberal Democratic Party of Russia] faction.

According to this draft, the overwhelming majority of already completed privatization acts in Russia may be invalidated as illegal. Moreover, in the event of a low economic efficiency of denationalized enterprises, and "in instances of persistent noncompliance by the new owner with the terms of the privatization agreement... the object is to be deprivatized."

Keeping in mind that the production indicators of very many plants have declined after denationalization, their return to the state bosom (in the event this draft is approved) appears quite likely. Radical economists have already nicknamed the LDPR document the "Law on Deprivatization."

It would be naive, of course, to assume that the Duma, torn by controversy, will unanimously pass this law. However, the idea per se—to put privatization in reverse in instances where its economic effectiveness turned out, as they say, to have a minus sign, is currently becoming increasingly popular.

Meanwhile, in its blueprint of post-voucher privatization, Chubays' agency is planning the compulsory sale of the property of insolvent debtor enterprises at the demand of creditors. Only the labor collectives of privatized enterprises, which are vested with sufficient powers in keeping with the current legislation, can interfere in this process.

Even here, however, there is a surprise ready to be sprung on us: Chubays insists on substantially cutting preferences to labor collectives and, from his standpoint, considers even this tough approach a compromise—in the first draft of the concept of post-voucher privatization the wording was "no longer grant any preferences."

It is hard to judge at this point whose position will win this time. One thing is clear: The current battles between supporters and opponents of "privatization according to Chubays" may turn out to be insignificant compared to what may be coming in the future.

Fate of Machinebuilding Plant Acquired by Another Enterprise

944E0817B Moscow *RABOCHAYA TRIBUNA* in Russian
17 May 94 p 2

[Article by Andrey Matlin: "Green Peas—the Bright Future of Machinebuilding? Paradoxes of Privatization"]

[Text]

Draw Swords!

So what if we flopped in the triumphal building of communism? Now it looks as if we are building capitalism on one-sixth of terra firma strictly in accordance with "Das Kapital."

After all, only the ungrateful Germans are ignoring the advice of their compatriot. They are even conducting privatization unscientifically, not in a capitalist way. They take an enterprise in the East sector. They spend a lot of

time on it, restructure, forecast its development, arrange for countless expert evaluations. And only then privatize. And even that is done by bid.

We do it differently. We charge like a cavalry through the pages of the "Short History of the VKP(B) [All-Union Communist (Bolshevik) Party]" and—onward to capitalization!

...Some functionary up there, at the "top," probably grunted with satisfaction when he saw on his desk a report on the GShM [mining machine-building plant] plant. Let us face it—not too many of our enterprises choose the "capitalist" road when converting to joint-stock ownership—the first option of conversion. And here a whole plant does so! In the center of the Urals. A plant that builds mining machinery for "hard currency export" sectors.

One has to admire the GShM leadership's sacrifice, bordering on martyrdom. It was their director Davydov, of all people, who accomplished this change in psychology. He invited a progressive-thinking expert to the general meeting on the subject of choosing the stock-conversion option. He passionately lobbied for the first option. He courageously criticized the supporters of the "kolkhoz-mentality" second option, which the public favored until the very last moment. Nobody can doubt the altruism of his design: A little later the "pre-privatization" director resolutely stepped down to make room for the new choice of owners—the stockholders.

In short, it seems that everybody should be satisfied now. The GShM proletariat—with its consciousness. The former "administrators"—with their foresight and altruism in the name of progress. And the owners of the controlling share of stock—with a lucky purchase, right?

Reverse Coup

What can one say about the plant's new "helmsmen"? Alas, almost nothing. They chosen to modestly remain in the shadows, do not accept congratulations, and refuse contact with the media.

All that is known is that at the auction (the lion's share of GShM stock was sent to the voucher auction to be sold to investors) two small companies decisively ruled the ball: the AO [joint-stock company] "Evolventa" and the TO [trade association] "Ark." Together they acquired more than one-third of the plant's stock, appraised at 17 million (??!) rubles [R]. Then they took in as a founder the "Evoluta" company and combined their votes. Moreover, in some inexplicable way "Evoluta" received an additional 20-percent package—bringing the total to a controlling share—from the hands of the staff of the oblast committee for the administration of state property.

According to the rules, this structure could transfer the stock for voting to its representative. At the GShM they thought it would probably be someone from the plant or the committee. They were wrong. As the oblast committee staff explained to naive GShM workers: "The country has taken a course towards capitalization. So this is the way it is."

This is how, without a single shot or explosion, a coup took place at the GShM. A coup in reverse: Unlike 1917, this was a denationalization of property.

As in every coup, there was a "state of emergency" at the GShM—an emergency meeting of stockholders was called by the "Evoluta" management, using their rights and the trump card of a hefty bundle of stock—both theirs and state-owned.

The plant workers were about to convene their "constituent assembly": The plant's public organizations started writing a customary "agenda" for stockholders' meetings, with "reports" and "prospects." Contenders for the director's job, including the former director, began sweating on election programs and promises. None of this was needed, however.

As soon as the meeting opened, the owners of the controlling share—just like in 1917—asked straight out and firmly: Who is the provisional government here? And Mr. Davydov's job was taken by V. Oshmanov, the head of one of the now-combined companies; V. Chashchin, the head of another firm, took charge of the board of the newly baked GShM AO. Thus, the key posts were taken by "Evoluta" representatives.

Economizing on People...

With the advent of the new GShM owners, innovation soon came.

First, the newly baked director put together a personal protection team. Plant workers looked with some apprehension on the muscular lads that began appearing at the plant. Then the personnel department learned to its surprise that a new, until then unheard-of, staff position had been established: deputy director for economics and labor. The people at GShM attempted to interpret this innovation in their favor: The new authority is giving a clear hint, they said, that from now on the plant's economics will be subordinated to the interests of the working man.

The new authority, however, had a somewhat different view of how to resolve "labor issues" at the plant. Since December the majority of plant personnel have been sent en masse on protracted leave, and a thick layer of undisturbed snow has settled near the gates.

Who was left? One can glean this from the sparse lines of the director's order: "My deputies, production department directors, and department and services directors remain on the job." Not all of them, however, only those "responsible for preparing the annual report." The payroll window is also practically closed, saving money for the plant. In principle, weeks-long leave was nothing new at neighboring state enterprises, too. The kicker, however, was that GShM personnel were not even receiving the two-thirds of the salary due them.

Trade union leader A. Kovshov, who also volunteered to participate in the resolution of "labor and economy" issues (began to protest against the new arbitrariness), quickly had his oxygen supply cut off: His trade union boss's pass was simply confiscated at the gate.

As a result, some workers went to look for a better deal at other enterprises; many others were simply fired under different pretexts and in violation of the law. The decision on the mass "discharge" strangely coincided in time with the protest sent to the enterprise administration by the

Kirovskiy Rayon procuracy (in the course of checking the trade union committee chairman's complaint, the procuracy staff to their utter surprise discovered a host of glaring violations of the law).

It is good, of course, that we are coming back to market relations now instead of, for instance, serfdom. Every worker is at least absolutely free to change profession and place of work. As soon as he is told: You are free!—he just goes and changes.

What do we do about housing, though?

Like every self-respecting plant, GShM had its own "communal digs." The plant's housing department still remembers with pleasure how they held the first place in the rayon.

"Now one sometimes cannot help but laugh. Through tears," clarifies A. Shirgazin, housing and household services department chief. "The plant has a special machine with a lift basket: To knock icicles off the roof in the spring. Now it is kept locked up, and this time we had to turn to the fire department for equipment. We had some things issued from the warehouse—you will laugh, just some gloves—and got stopped at the gate like thieves; they say it is not permitted. We are now economizing. The new bosses have given me clear hints several times: Your department simply does not exist for us. This is obvious even without the hints: Not only are workers not paid, but money for municipal services is not forthcoming either. Organizations are sending us threatening ultimatums: We will turn off the water, elevators... And are gradually moving from words—warnings—to actions."

A Supermarket Plant

In the advance issue of ZAKAMSKAYA STORONA the newspaper had a laudatory ode to privatization, which was still forthcoming at the time. The GShM was mentioned as an example of an entity ideal for navigating stormy market waters: flexible modifiable production; its own foundry and forge shop. Traditional customers are the rich pillars of domestic industry. They bring foreign currency to the country and are not living in poverty: gold prospectors, oil industry, potassium production. They cannot do without Perm. You want an oil drilling rig transported? Only GShM makes (or rather, used to make) transporting machines. And how do you reload potassium ore without Kama equipment? Also, no way. Or dig gold-containing ore?

In short, with such a potential of production and distribution—wow!—even in our times one can live well. Or can one?

One of the new director's first orders was to sell off in the shortest amount of time all the stockpiled reserves of production materials.

Deputy General Director L. Gubanov was told to sell R220-240 million worth of boiler oil, dispose of R50 million worth of weighers kept in the warehouse, and get rid of R54 million worth of copper wire. All this was being sold off because of... "lack of means for purchasing production resources."

Such a bold sellout can hardly be explained by a lack of needed cash. This is true. There is a nonpayments crisis and such everywhere... But there also are foundry orders

long paid for by the oil industry; there is another score of generous die-making proposals. And at the same time the foundry is idle. And then gets a strange order: sell off tonnes of liquid glass—a material in most acute shortage, without which no casting can be done. The foundry workers are not being paid wages and expect to be laid off.

Instead of trolleys with ingots one began to see in warehouses carts with cans of green peas, tomato paste, boxes containing television sets, furniture, plywood... The scale of the current production process at GShM can be seen again by reading the director's orders: "Upon arrival, sell R250 million worth of foodstuffs."

Previously unfamiliar words became a part of the plant's lexicon: "babki" [dough], "lemons" [R100,000]...

Well, of course, the financial sphere is very important. Really, really important!

But then perhaps the new owners, by imposing strict economizing on production and social services, by conducting bold multistep food-and-rug operations, are striving to accumulate financial potential, and will suddenly present the country with an abundance of mining machinery, which will take the domestic raw materials sector, and the oblast budget, straight into the stratosphere?

We do not know. We would like to have a heart-to-heart talk on this subject with director Oshmanov. Except that he absolutely refused. All we have is sparse food for thought: GShM recently tried to sell its own... rail station.

As is known, one cannot transport by truck even the smallest mining equipment of the kind the plant manufactured until recently. On the other hand, perhaps the new "industry captains" are secretly working on the development of pocket prime movers and mining microcombines?

Here We Are...

If one is to believe the original sources, even God, after creating the world, was not above regularly sending his representatives to earth—to see whether everything was going on there in accordance with the divine design.

Could the oblast committee for the administration of property delegate its man to the meeting where it was being decided who would head this rather sizable plant? It could. His vote, with a sizable package of voting stock in hand, could be a decisive one.

They did not delegate anyone. Even out of curiosity.

Those sweet Germans! They conduct their restructuring. Spend time on scientists, solicit bids. Organize tenders, selecting reliable investors instead of fakes who are only out to skim off the cream. I wish we had their problems...

Possible Economy, Foreign Economic Ministries Merge Viewed

944E0821A Moscow MOSCOW NEWS in English
No 19, 13-19 May 94 p 9

[Article by Irina Demchenko: "Ministry of the Economy to Take Over Ministry of Foreign Economic Relations?"]

[Text] Alexander Shokhin, Minister of the Economy, may become the most influential and powerful figure at the highest body of executive authority.

Confidential sources have revealed that the government has prepared a draft resolution on the merger of the Ministry of Foreign Economic Relations (MFER) with the Ministry of the Economy (ME) of Russia. If this happens, the Ministry of the Economy, which is already the most powerful government department in Russia and is not accidentally compared to the former State Planning Committee, will get the most prized piece of the Russian economy as its subunit. In this way Alexander Shokhin will become a figure almost as influential as Viktor Chernomyrdin—with all the political, economic and other consequences arising therefrom.

Several circumstances that have made Viktor Chernomyrdin, who maintains good relations with the MFER's present-day head Oleg Davydov, come to favor this variant. Despite the premier's sympathies for Davydov, Russia's foreign economic activities cannot be described as too successful. In January-February of this year foreign trade turnover declined by 8 percent (12.7 billion dollars) in comparison with the same period in 1993. Exports, it is true, increased by nearly 3 percent, but this growth took place against the backdrop of the continued fall of world prices. Imports dropped by more than 27 percent (3.8 billion dollars). According to eyewitness reports, these facts are often reported to the premier by vice-premier Alexander Shokhin, who, as a result of the latest redivision of powers in the Council of Ministers, supervises this department. Relationships between Shokhin and Davydov are characterized as "very strained."

Sergei Glazyev, who was forced to resign his post of Minister of Foreign Economic Relations last year, and now heads the State Duma's Committee for Economic Policy, sent Viktor Chernomyrdin an official document with the results of the parliamentary hearings, sharply critical of Oleg Davydov's work. It is characteristic that his committee's recommendations are based on the postulate that in 1992 the MFER under Glazyev's guidance developed a plan for foreign economic activities, which is not being followed now. As claimed by MFER employees, there were no significant differences between Glazyev and his deputy Davydov at that time. Today, however, the former minister, on the basis of parliamentary hearings, has presented a serious bill to his former subordinate on points dealing with accounting and control over foreign economic activities which he himself did not manage to organize during his tenure. Of special interest is that at the end of the recommendations Glazyev suggests on behalf of his committee that the government "examine the possibility of the MFER's merger with those subunits of the Ministry of the Economy of Russia which deal with foreign economic activities."

The premier's decision is unlikely to be seriously affected by the recommendations of the parliamentary committee. But they are significant on the political plane: for the first time Sergei Glazyev, who has until now acted independently, demonstrates his alliance with Alexander Shokhin, and, moreover, on a fundamental issue. This may indicate a growth in the "shadow" authority of Shokhin who in the

event of the MFER being stripped of its independence would then become the most powerful and influential figure at the highest executive body.

If this happens, it will perhaps be possible to consider the path traversed by Alexander Shokhin during four years from being the Minister of Labor in Silayev's government, the connections he acquired and the prestige he earned during this time both at home and abroad to be the standard even in such a fantastic country as ours.

Forecast of Foreign Economic Activities Based On The Figures of the MFER of Russia

Foreign trade in 1994 is expected to equal 70.5 billion dollars, that is, practically at the level of 1993.

Export. The overall volume of export is predicted to equal 44 billion dollars (43 billion dollars in 1993).

The export of raw material commodities for state needs in 1994 is envisaged to equal a billion dollars or 25.5 of the total volume of export of raw material goods, technical assistance—1 billion dollars.

Imports. The total volume of imports in 1994 may come to 26.5 billion dollars (27 billion dollars in 1993).

The forecast of the import of basic commodities and services of vital importance for the country's economy and social sphere, given the funds of the federal budget, is estimated at 4 billion dollars. Moreover, in 1994, it is likely that goods will be purchased to fulfil the federal raw material programs and other state needs.

The import of raw materials and supplies on account of the state budget is expected to amount to 1.8 billion dollars, plant and equipment—2 billion dollars, building services—0.2 billion dollars.

Bankruptcy Law's Impact Examined

944F0725A Novosibirsk *VECHERNIY NOVOSIBIRSK*
in Russian 18 May 94 p 6

[Article by Dmitriy Frolov, chief specialist of the Territorial Agency of the Federal Administration on Insolvency Matters (Bankruptcy) in Novosibirsk Oblast: "The Law on Bankruptcy: How To Assist Debtor-Enterprises"]

[Text] Under conditions of a general slump in the volume of production, the result of a myriad reasons, a majority of large state enterprises and enterprises in which there is a share of state property face the need to find ways of surviving. Many are not up to the task.

Of course, objective reasons are being felt to a significant degree: First and foremost, the reduction in the state order for products of the military-industrial complex.

There are subjective reasons also. The managers of many enterprises continue to set their hopes on assistance from the Ministry of Finance, branch ministries, and various authoritative structures, instead of working in an earnest way on actual conversion themselves, while attracting nonstate investments. It is understandable that in attracting outside investors (including foreign investors), the management of an enterprise ends up under their additional control. Not everyone likes this. Others simply

do not want to part with any benefits that generally do not depend on the results of work. Up to the present, substantial nonproduction expenditures exist at a majority of enterprises, and there is an unjustifiably big gap between the wages of managers and those of the rest of the personnel at a number of enterprises. The results of unskilled management are well known—concealed unemployment, insolvency of enterprises, a breakdown in communications, etc. As a result, there is an increase in the dissatisfaction of the population threatening a social explosion.

The conduct of a state policy directed at preventing the bankruptcy of state enterprises and reducing state expenditures to support insolvent enterprises has been entrusted to the Federal Administration on Insolvency Matters (Bankruptcy) and its territorial agencies.

Supporting enterprises, in the event that the Court of Arbitration considers them insolvent, will be implemented either by means of reorganization (the conduct of external administration of the debtor-enterprise, or financial restoration of the enterprise), or by means of opening competitive production. Also possible is the conclusion of an amicable settlement between debtor and creditors in accordance with the Law of the Russian Federation "On Insolvency (Bankruptcy) of Enterprises." The law provides a procedure for the assignment of an arbitration supervisor with wide powers to a debtor-enterprise. At the same time, a moratorium is introduced as a form of support for the period of outside administration to satisfy the demands of the creditors on the debtor. But if a capable supervisor himself is unable to pull an enterprise out of debt, the enterprise can be declared bankrupt and is subject to sale in a competition. In this case, benefits for the labor collective can be envisioned as conditions of the competition.

The Ministry of Economics of the Russian Federation has developed criteria for the adoption of decisions on rendering state support and financial restoration. Coming under state support are enterprises that: produce products, or are able to produce products after receiving state support; presently have or will have market demand in the next year or two; are capable of improving their production, economic, and social indices; produce products at prices that satisfy the market; do not excessively raise wages for their workers; do not needlessly increase profits and prices for products; and employ, or will be able to employ, advanced technology after receiving support, including ecologically safe technology. A very important condition for rendering state support is the presence at the enterprise of a technically and economically justified plan of measures for improving the health of the enterprise (financial restoration project).

Considering that check privatization is coming to an end, many insolvent enterprises are given a chance to acquire additional financial means through the mechanism of conversion. Inasmuch as some of the money obtained from the sale of state property will remain at the enterprise that has been reorganized into a joint-stock company. Of course, the shares of a debtor-enterprise will be bought up only in the event a well-studied development program is available. In this case, the territorial agency is called on to perform the role of an expert, because the interests of the state as the owner are involved here.

It should be emphasized once more that the task of the territorial agency, as well as of the entire Federal Administration on Matters of Insolvency (Bankruptcy), is not to supplement the budget by liquidating enterprises, but to assist insolvent enterprises in acquiring financial independence. The resources of the federal budget and branch and interbranch off-budget funds will be directed to this end.

Marketing Research Institute Survey on Food Production

944E0826A Moscow IZVESTIYA in Russian
19 May 94 p 2

[Article by Yelena Yakovleva, IZVESTIYA: "'Gusinye Lapki' [Crow's Feet] Against Chicken Legs"]

[Text]

Food Production Is Declining, While Consumption Is Growing

Food production in our country continues to drop, while its consumption, to grow.

In the opinion of Alla Moshkina, a leading scientific associate at the All-Russian Scientific Research Institute of the Consumer Market and Marketing, in 1992 Russians passed the lowest point of decline in food consumption (2,400 calories per day). In 1993 there was a small increase (2,600), and in 1994 (2,700) our ration will exceed the 1991 level. True, calories represent a gross indicator, which is not very indicative of the crux of the matter. As in bygone days the quantity of steel and wool did not guarantee the appearance of reliable combines and fashionable blouses, so the number of calories is not an indication of good nutrition. Most Russians have a food ration of a carbohydrate nature (they eat bread and potatoes more often than meat and milk). However, little by little the consumption of livestock products is also increasing. For example, in 1990 Russians consumed 6.3 kg of meat and meat products per month, in 1991, 5.8, in 1992, 4.8, in 1993, 5.2, and in 1994 (according to forecasts), 5.5. Furthermore, the consumption of vegetables should be restored this year and that of fruits and berries will even exceed last year. True, our previous nutritional level is not a standard. In 1990 a Russian consumed 49 grams of animal protein per day and in 1993, 39.7, while the recommended norm is 55.7.

However, in Alla Moshkina's opinion, the general trend, nevertheless, is favorable: Food consumption will grow slowly despite the reduction in its production. The population's gradual adaptation to new market conditions, rapid growth of production on private subsidiary plots, direct trade, from vehicles, by agricultural producers, expansion of trade by private individuals (especially from near abroad), an economical expenditure of food, and, of course, import are the main reasons.

The Most Unpleasant Trend: Day-to-Day Goods Are Becoming Fewer

The washing away of relatively inexpensive day-to-day goods—milk, vegetables, potatoes, sour cream, and frozen

fish—and their replacement either with expensive products, or simply with any junk, are the most unpleasant trends noted on the food market recently.

The paradox lies in the fact that the country is overflowing with food raw materials (in many regions stocks for 1 month and longer have accumulated) and there is a big demand for them, but primarily the processing industry prevents those that want to sell, for example, milk and those that want to buy it from making contacts. This is the "bottleneck" on the consumer market. Monopolism, technological backwardness, the habit to dictate terms both to producers of agricultural products and to consumers, and high, but "eaten through," profits—the food industry would be happy to preserve such a situation for a long time. Imported food is in the way. It simply forces it out from the market.

This forces food industry workers to make a move. And it is worth making a move. According to Alla Moshkina, technologies, for example, for the quick freezing of 40 types of fruits and vegetables were developed in the country as far back as 15 years ago: Take and use them.

Trade, like the food industry, is not very concerned about the impoverishment of the assortment of inexpensive goods and their disappearance; in part, because to trade in potatoes every day is a more labor-intensive occupation than to doze near a bar of imported chocolate for 1 month. Moreover, it has been noted more than once that trade "circulates" the money made from the sale of potatoes or milk instead of returning it to processors and agricultural producers.

If it is impossible to count on administrative measures, in Alla Moshkina's opinion, only an increase in prices of basic necessities can bring them back to the counter. It will be necessary to pay "bread" and "milk" money, that is, subsidies to consumers, but, nevertheless, to release the prices that, for the most part, are maintained. True, a stereotype has already been formed in our country: If oil prices are released, this is a new step on the path to the market and, if bread prices, this is a knife in the back of reforms.

Triumphal March of Imported Food Throughout Russia and Its Consequences

Imported food is rapidly expanding the geography of sales and the trade assortment.

In March alone regular trade in imported pastry and fruit cakes in private stores increased from 60 to 87 percent, in chocolate, from 87 to 93 percent, and in chicken legs, from 13 to 53.

The market is simply saturated with some imported products, for example, chocolate, but the rise in its prices has stopped.

However, unfavorable trends are also present here: There is an expansion in the assortment of goods that are not most essential and not of the highest quality. Researchers say that Italian canned meat and Danish sausage have already acquired the steady status of "those that are disliked."

Still, domestic producers have a serious chance for success. Consumer patriotism safeguards them. According to observations, in Germany's eastern lands an unequivocal

preference for imported food lasted 3 years, but in our country tastes, possibly, will change even more rapidly—if a serious domestic competitor is found.

A curious situation has emerged on the market of domestic candy and chocolate. "Mishka kosolapy" [Pigeon-toed Mishka] and "Krasnaya shapochka" [Little Red Riding Hood] appeared in stores (in the same wrappers, which our fellow-citizens pasted in family albums in order to preserve them in historical memory), raising a storm of nostalgic feelings in the souls of Russian consumers. It seems that "Gusinye lapki" [Crow's Feet] and "Rakovaya sheyka" [Crawfish Tail], which sank into oblivion, have been added to them, but in new attractive wrappers. Judging by surveys, people of the older generation unequivocally prefer former Soviet candy and caramel. If confectioners remember the provinces, to which "Gusinye lapki" have not yet returned, the widest sales market will open to them.

Everyone—confectioners, dairy industry workers, and margarine producers—can count on consumer patriotism if they begin to produce high-quality, tasty, and beautifully packaged products.

It Would Be Good To Eat Not Only Well, but Also Correctly

It is interesting that in our country there are problems not only in the "practice" of the diet, but also in "theory"—more accurately, in ideology.

In the Western world the theory of a balanced diet, which requires the purification and refining of products, has long been defeated by the theory of an adequate diet, which insists on the preservation of basic natural components. (In luxurious Western restaurants dark unrefined sugar or bread with bran will be served without fail to you). However, our consumers seem to get stuck at the crossing from one theory to another; all the more so, producers, from whom the new diet ideology will require new technologies.

However, according to the data of surveys by the All-Union Scientific Research Institute of the Consumer Market and Marketing, our patriotic consumer, at the same time, is very amenable to the appearance of new products on the market; for example, soybean protein, or spring water.

Who Is Short of What?

Judging by surveys, needy families experience a shortage of the most essential goods, that is, milk, sour cream, pot cheese, onions, and garlic, which are "washed away" from the assortment.

Average and highly paid population groups would like to have constantly on sale fresh and frozen fruits and natural juices (especially in winter), dry fruits, cheeses, buckwheat, Krasnodar tea, mayonnaise, and live fish...

High-income families are short of fine grape wines, fruit and chocolate creams, black and green olives, fillet steaks, caviar, and bitter chocolate.

The distribution of preferences seemingly does not contain discoveries, but there are curious exceptions.

Research by the All-Union Scientific Research Institute has shown that Russian students are perfectly well familiar with the assortment of imported chocolate and often buy it by no means out of considerations of prestige, but simply to satisfy their hunger; as before, cabbage pies.

Press Reaction to Social Accord Treaty Viewed

944F0684A Moscow OBSHCAYA GAZETA in Russian No 18, 6 May 94 p 4

[Article by Anna Politkovskaya: "Will Russia Become a Switzerland?: Marginal Notes in Connection With the Signing of the Social Accord Treaty"]

[Text] So will our own internal Switzerland, tranquil, understanding everything, blaming no one, pacifist, and maintaining strict neutrality, but eaten up by no one thus far because of this, emerge here? This is, of course, the question of questions for Russia today. While our native political scientists are attempting to gather their thoughts, Russia's journalists have been attempting to answer it as quickly as possible.

The very next morning following the ceremony in the Kremlin, IZVESTIYA introduced to the political vocabulary the terms "signatory" and "nonsignatory," which is, in fact, what is most important in the situation that has been created around the latest exercise of the president, who is an acknowledged expert at creating difficult situations, from which subsequently all of society begins to emerge with clatter, noise, and losses. IZVESTIYA recalled the "moral and political responsibility" which would undoubtedly ensue from a violation of the articles of this treaty. Otto Latsis, a member of the editorial board, no longer recalls, it would seem, in presenting material on this topic the country's recent past, when any "moral and political responsibility" seamlessly flowed over into criminal responsibility and there came to be added in parallel with a criminal investigation the skillfully organized public persecution of individual citizens who at the due moment either had not signed something or had suddenly been taken ill or had failed to put in an appearance somewhere or had simply remained silent at a plenum, congress, presidium session....

IZVESTIYA quotes Gennadiy Zyuganov, a "nonsignatory," to the effect that "there is no need for any special agreement, it is necessary merely to observe the constitution of Russia." Say what you will, the words of the principal communist of present-day Russia appear perfectly justified, whereas the "barbs" of the principal political observer of a respected mass-circulation newspaper are sincerely distressing. This is what O. Latsis writes, arguing with G. Zyuganov: "...observing the constitution formally, sociopolitical tension—by, included, demands for a review and revision, perfectly legitimate in form, of this constitution and various sociopolitical demands, which are so easy to make at a time of crisis—could be incited." It is worth recalling that this is that same Latsis who just a few months ago was assuring society in that same paper of the acute need, without delay, for the adoption of Yeltsin's draft constitution inasmuch as it, the draft, was, at least, good.

Deliberately brushing aside the "nonsignatory" and, hence, antipresidential, which sounds for it almost like an anti-Russian, thought movement, IZVESTIYA inveighs also, for example, against the demands of the Political Council of the Russian Democratic Reform Movement in respect to the possibility of the signing of the treaty: "Such demands reek of populism." The word "reeks" is, you will agree, painfully familiar to Soviet hearing. In addition, it has to be recalled that it is none other than Yeltsin himself who is the recognized leader of modern Russian populism, and if anyone is to be accused of anti-Yeltsin sentiments, the subject of "populism" should not even be broached here—this is a loser for the president.

The position of another "nonsignatory"—the Agrarian Party—is pilloried by IZVESTIYA as a "self-interested approach." The entire self-interest amounts to the fact that the agrarians are refusing to sign the treaty on the grounds that it omits the sectoral demands of the agro-industrial lobby. But on what other grounds could they, in fact, reach accord or not? But the newspaper writes: "Hardly anyone could fail to understand this, and if he does understand it and still insists on getting his own way, we should take a close look at the motives of such actions." Let us scrutinize what are, in our opinion, the key words of the sentence—"should take a close look." These began also many frightening government and newspaper campaigns of the USSR against the individual, did they not? As we know, in time society and the publications had great moral difficulties "washing off" the involvement in these campaigns. How much did that same IZVESTIYA have to confess its restructuring to Solzhenitsyn and to Rostropovich and to Sakharov and to other citizens of our fatherland who were innocent sufferers. O. Latsis concludes his article entirely in the spirit of the Brezhnevite editorials: "The fact of nonsigning is just as eloquent as the fact of signing." But should everything begin in the country so expressly from scratch?

The position of ARGUMENTY I FAKTY differs from that of IZVESTIYA, but the difference is merely that ARGUMENTY I FAKTY produces a real tear-jerker. In the opinion of Vladimir Savichev, "What is that thing held in common for the sake of which the president is calling for accord? Primarily the interests of Russia and its people, strong authority and a strong economy. It is those who do nothing and who are responsible for nothing who do not want to 'reach accord' today." And the author goes on to use altogether impossible, even disgraceful words, it would seem: "V. Zhirinovskiy, leader of the LDPR [Liberal Democratic Party of Russia], may be viewed variously, but he cannot, in any event, be denied one thing—he speaks clearly and pleasingly (!?—author's comment) for the hearing of ordinary people."

It is significant that many newspapers representing the interests of various political currents and movements, while not coming to terms, have expressed themselves in the spirit of G. Zyuganov, the leader of the communists, looking, perhaps, the most respectable of all in the current situation. And this is very indicative inasmuch as the further we go, the clearer it appears that the only thing we will derive from the present stage is the communists in the saddle once again and profound disenchantment with the

democrats in power. NOVAYA YEZHEDNEVNAYA GAZETA (correspondent Yelena Afanasyeva) writes about this disenchantment: "I happened to hear at the Kremlin entrance a discussion of the preparations (not so much for the signing as for the banquet) by two officers of the security service: 'Plenty of vodka. They'll sign on!'" Was that really how things were THERE! The information concerning these "retainers'" maxims, which are of considerable importance for an understanding of Kremlin psychodynamics, is borne out fully by the newspaper SEGODNYA—the vodka is explained there by a "senior guard to a junior guard," and the whole action takes place at the Tsar Bell. And, further: "Social accord is even a very remarkable thing, particularly if it is more or less clear to society whom the contracting parties represent. The chosen line of political behavior is very reminiscent of the rash Soviet 'ostrich' principle—ignoring the large-scale phenomena of life going beyond the framework of the ideologically acceptable picture. Ostrich-like instincts are understandable in human terms, but historical experience testifies that when the head is buried in the sand, it is very difficult to observe reality."

All this clearly shows the exclusively theatrical nature of the action, which we might, of course, have guessed, but it is better to know, this having been permitted us by the reporters admitted to the scene of the event.

PRAVDA, as an exclusively opposition spokesman, was even more definite on this score: "The immense number of signatories creates the illusion of the unity of political forces in the country. This is not in fact the case. This should force the president to wonder: Why? So with whom was the treaty signed? Between the president and the people or his own entourage? The outcome of a survey reveals an interesting newspaper breakdown: On the one hand, ROSSIYSKAYA GAZETA, MOSKOVSKAYA PRAVDA, IZVESTIYA, TRUD, ARGUMENTY I FAKTY, and many other publications which unconditionally supported the presidential side. On the other, NOVAYA YEZHEDNEVNAYA GAZETA, SEGODNYA, KURANTY, PRAVDA, NEZAVISIMAYA GAZETA, KOMMERSANT-DAILY....

All newspapers were united only on one point, perhaps—for the first time they made forecasts concerning the future of the treaty. The most interesting were published, in our view, in KOMMERSANT-DAILY. The author of the first is the well-known wit Maksim Sokolov, and this is what he writes: "From the cynical viewpoint, the process of the redivision of power and property in Russia is approaching completion—evidence of which is the constantly declining level of inflation—and the result of the revision is peace." The author of the second is the paper's policy department: "There is no reason to suppose that Boris Yeltsin, who is persistently molding the image of 'father of the nation,' will himself now constantly be pointing the finger in the direction of the nonsignatories, attempting to make of them his adversaries, and publicly dividing society into 'good fellows' and 'bad fellows'. But it cannot be ruled out that the 'radicals' in his entourage—the politicians that obtained offices in the Kremlin on the wave of opposition to Mikhail Gorbachev or the Supreme Soviet—will not involve themselves in this. At least, they would acquire in

the person of the nonsignatories actual opponents, attacks on whom would not, most likely, evoke their boss's displeasure. The treaty is simply the latest product of the official ideological machinery, which, probably, needs somehow to justify its existence. It may be assumed with every confidence here that it will hardly prove more effective than the previous food programs and antialcohol campaigns."

MOSKOVSKIY KOMSOMOLETS' forecast is definite and tragic: "None of the signatories believes that the treaty will prevent any trade union boss striking in the near future or regional forces becoming fixated with unbridled separatism..." (Yuriy Zaynashev, author). KOMSOMOLSKAYA PRAVDA adds fuel to the same fire: "The probability of the treaty soon being forgotten cannot be ruled out. Much now will depend on the press. The president is entrusting to it the duty of keeping an eye on compliance with the terms. Well, we are used to this sort of thing. And we have survived" (Vasiliy Ustyuzhanin, author).

Let us sum up: Despite the multitude of words uttered by everyone, the treaty is still more the outward appearance of a process than a process itself. In a week or a month the president will rest content with the first—this has happened before. Primarily because this business imposes on him personally precisely no clear obligations. But as long as the outward appearance continues to be observed, some people might very much have to pay for it even. Sanctions against both the "nonsignatories" and the "signatories" will be applied, and this is clear even now, primarily by the press. So, colleagues, be vigilant, do not treat that seriously all that you hear from the Kremlin, be in no hurry to carry out an order—remember the immortal Schweik—for the direct opposite could follow....

[begin box]

OBSHCAYA GAZETA Pact

Yes, we have a plan for the conclusion of a corporate High Pact. Let them have their treaty, we will have—for simplicity of distinction—a pact. This idea was suggested to us by the social emanations about which M. Leontyev spoke so splendidly in the newspaper SEGODNYA: "The will to accord, more, to its formalization on paper, is very clearly gaining momentum at the present turn of social life," which we had, of course, to have heard. Taking up a position in the rear of this modern phenomenon, we offer our colleagues a draft Pact on the Procedure of Coverage of the Social Accord Treaty in the National News Media. It is just two sentences long; discussion, therefore, will not be protracted and will create a real opportunity for the general signing of the pact the day after publication of this issue. So, our version: "Journalists subscribing to the pact shall categorically refrain from propaganda of the division of society into 'signatories' and 'nonsignatories.' The list of subscribers to the OBSHCAYA GAZETA Pact is open, beginning 6 May." [end box]

Press Committee Head Mironov Profiled

944F0684B Moscow OBSHCAYA GAZETA in Russian No 18, 6 May 94 p 8

[Article by Yevgeniya Mikhalevskaya: "Custodian of the Press: Why Do We Not Like Him?"]

[Text] Approximately a month ago Boris Sergeyevich Mironov, the new leader of the Russian press, made the Russkaya Kniga Publishers an offer they could not refuse. He insistently recommended that the publishers accept for production Shulgin's work "Why Do We Not Like Them?"

THEY are the Jews. WE are Russians with a capital "R," who recognize our national affiliation as a most valuable Christmas present of fate. Thus dear Boris Sergeyevich and the Russkaya Kniga Publishers (against their wishes to some extent) are intending to present reading Russia with the advocacy work of a most dazzling national Black Hundred figure, who contrived in postrevolution exile to admire Stalin for his imperial labors, return to the Union, serve the obligatory 10-year stretch, and remain true to his love and his hatred.

It should be mentioned immediately that Boris Mironov was for the past two years (until his appointment) director of Russkaya Kniga and that he continues to exert a particular influence on the business prospects and future of this establishment. Nonetheless, not one regular employee of the publishing house agreed to edit this urgent work and append his name to the publication particulars. Some suggested that the following be set up on the title page: "Publication recommended by the Committee of the Russian Federation for the Press."

A statement of fact—the chairman of the Committee of the Russian Federation for the Press is, in fact, involved in the publication of literature sowing national discord—is inevitable. And he is doing this, what is more, while remaining beyond the reach of incensed cosmopolitans since there is not a single written document recording his direct participation in the publication of the said work. There is only the verbal evidence of people dependent on him. And, as indirect proof, the trifling matter of Shulgin's piece of research, so important for the fate of Russia, having arrived at the printer's (Book Factory No. 1, city of Elektrostal) in circumvention of the usual publishing cycle. The client, as we were informed in the production department of the book factory, is Russkaya Kniga.

Boris Sergeyevich Mironov is undoubtedly a politician of the new wave. He pronounces the word "Russian" emotionally and, judging by his numerous radio and television appearances, is thinking seriously about how to reconstitute Great Russia. He is a particular traditionalist, if account is taken of the exclusive Russian tradition of official functionaries of the highest rank reckoning their appointment as nothing other than an inscribed pass into high politics. Simultaneously considering it possible for himself to adhere to exclusively personal and intimate political views. The opinion, which is approved throughout the world, that a public servant should be a proponent of the official ideology is considered an anachronism fit for satisfied European countries. In the mercantile language of the payroll, pay is computed for Boris Sergeyevich Mironov in order that a state which customarily calls itself democratic ensure "freedom of speech and the independence of the press..." but Boris Sergeyevich, appearing on television, has the following interesting words to say: "Such concepts as democratic principles, democratic canons—they are incomprehensible to me. I believe that they are once again trinkets and toys which are being used unscrupulously

today in democratic and other political games. I believe that we should be guided not by some democratic reaction; we should be guided by common sense aimed at just one thing—the same thing for which I like Stolypin. Aimed at a strengthening of the state, a strengthening of Russia. And Russia can be strengthened only via the authorities. Strong authorities mean a strong state.”

Russia, as we all know, can be strengthened in various ways—the choice of pit-prop facilities is broad enough. But if account is taken of the passion of the chairman of the Committee of the Russian Federation for the Press for strong authoritarian power, the press will soon be having to be guided by his common sense. In this case, we are simply compelled to analyze the personal attributes and level of practical potential of the committee chairman.

So, then, Mr. Mironov negotiated the illustrious path from trainee at KOMSOMOLSKAYA PRAVDA to correspondent of PRAVDA. He has preserved his commitment to his paper—he named it as being among the papers constituting the “national information field which we are accustomed to calling central....” It is to these papers—PRAVDA, TRUD, and so forth—“whose name has become a symbol of Russia”—that Boris Sergeyevich intends giving budget monies first and foremost. He was, as we have already mentioned, director of the Russkaya Kniga Publishers (the former SOVETSKAYA ROSSIYA Publishers). In 1993 he published the novel “The Madman,” as the principal practical hero of which he portrayed one Mikhail Nikiforovich Poltoraivanov, the correspondent of a central newspaper. Boris Sergeyevich scrupulously delineated his practical hero in rich, lively, and evocative manner. With vivid touches and Tolstoyan periods. He did not employ camouflage inasmuch as the recognizability of the prototype was obligatory. It is rumored that Poltoranin was made fun of somewhat after the novel’s appearance. Of Boris Sergeyevich, no. Because if a person does such a thing, he has, consequently, good reason to.

Boris Sergeyevich had the novel published in the friendly Respublika Publishing House. It is not that important, of course, that the composition was supervised in the P.F. Anokhin Petrozavodsk Printer’s by an employee of the Russkaya Kniga Publishers, that the publication particulars contain the name of no editor at all, that the technical editor was an employee of Russkaya Kniga also, and that the novel was printed from slides at Book Factory No. 1 in the city of Elektrostal. In which the product of Russkaya Kniga is usually printed, but by no means that of the Respublika Publishers, which has its own Krasnyy Proletariy Printer’s. It is an absolutely trifling matter that the paper also was allocated from Russkaya Kniga stocks. We do not doubt, of course, that everything was paid for punctually and that an agreement with Respublika was signed and drawn up properly. It is foolish and trivial even to demand that a book by the director of a publishing house travel the customary route of a manuscript submitted for publication and that someone there decide whether it has a right to be published or not. Following this skewed logic, it could be demanded that vendors of the meat department stand in line for meat.

The next step in the career of Boris Sergeyevich is the office of chairman of the Committee of the Russian Federation for

the Press, which was formed on the hallowed ground of the Ministry of Press and Information and the sporadically rebellious Federal Information Center.

B. Mironov set forth his exclusively professional (and in no way political) principles at a news conference in Moscow, which caused quite a sensation. Boris Sergeyevich gave the appearance there of being an energetic and fair individual, but, unfortunately, contradicted himself somewhat: “I do not get into political banalities,” Mr. Mironov said, “and this is our purpose, we pursue a sectoral policy, purely professional....” That is, Boris Sergeyevich announced that the committee would be objective, like the Moon, which simultaneously illuminates the road and the victim and the robber. But he observed immediately here that he would with pleasure impose moral censorship, and to the question as to whether “...the Committee of the Russian Federation for the Press intends monitoring observance of publications’ political trustworthiness and subsequently dictating what should be written and how,” he announced that “...of course, we will recommend, heeding our recommendations—that is your business....” We would recall that Boris Sergeyevich’s first recommendation—to OBSHCAYA GAZETA—took the form of an official caution, not heeding which was quite difficult. Would have been, had it not been for the verdict of the Appellate Court for Information Litigation, which sets aside the caution.

But the biggest discrepancies occurred not at the level of the word but of the level of the view. Of Boris Sergeyevich’s view of life. Boris Sergeyevich spoke at length, for example, about Alla Yaroshinskaya, calling her for some reason or other an ordinary Zhitomir journalist (in our age of democracy, evidently, ordinary Zhitomir journalists can win an alternative Nobel Prize and become a member of the Presidential Council), and juggled, to put it mildly, facts connected with the “Atomic Encyclopedia” which she is publishing—initially in a public interview, then at the news conference. But this is not the point. Mironov’s conflict with Yaroshinskaya and its clear political underpinnings (Boris Sergeyevich is afraid of competition since there is in the Office of the President a plan for the creation of an official structure for assistance to the press, which was to have been headed by Aleksandr Yakovlev and Alla Yaroshinskaya) were illustrated in detail by IZVESTIYA of 31 March 1994. Exposing Yaroshinskaya as a publisher and accusing her of theft, Mr. Mironov observed that he himself had attended the school of director of a publishing house and had been accustomed in this field to earn everything down to the last kopek independently. The trouble is that this is not entirely the case. The Russkaya Kniga Publishers, which Mironov left, not only has not prospered since his directorship but finds itself, according to the workers of the publishing house, in an extremely difficult financial situation. Each employee of the publishing house has been issued a list of books whose print run has not in practice sold out—so that the employees might take part in the distribution as best they can.

The list contains approximately 30 titles, and, according to employees of the publishing house, this is 60 percent of the entire print product on which Russkaya Kniga has been working these past two years. The books are filling up

warehouse premises, and the publishing house, lest it pay money for storage, has been forced to undertake acts of charity and to give them out free of charge. Since it was made clearly understood to us that the decision on the publication of this book or the other would always be made by Mr. Mironov himself, it is, naturally, he who bears the responsibility for all these problems of the structure he has left. In addition, during Boris Sergeyevich's directorship there were several further odd episodes at the publishing house permitting doubts as to Mironov's theory concerning honestly earned kopeks. The business of the calendar published by Russkaya Kniga for a large Siberian plant acquired a certain notoriety even in publishing circles. The large industrial enterprise, which has trade relations with foreign partners, decided to conclude with the publishing house a contract for the publication of the "Old Russian Book Miniature" in order that 3,000 copies of the calendar might be published bearing the plant's proprietary symbols. During the negotiations, which took place in March of last year, Mr. Mironov informed his clients that the publishing house was in a difficult material situation. In this connection the plant undertook to pay for the entire print run of 20,000 copies. And not simply to pay, what is more, but to prepay. The calendars (so that they could be sold) were to have been delivered to the enterprise absolutely no later than August. But on Mr. Mironov's initiative the documents did not specify a precise deadline. "We are civilized people," Mironov said, "you will get the calendar, I will not say on time, but sooner...."

"Mironov was full of enthusiasm," plant representative Yelena D. told us. "We were shown a calculation with regard to all the types of taxation—the production cost of each calendar amounted to R800. The contract was signed in April—No. 20 of 12 April 1993. Some 16 million were paid into the publishers' account within a week, and—total silence ensued...."

Subsequently the situation unfolded in most villainous fashion. The calendar was not ready either in July or in August or in September. To all questions there was just one answer—it is being printed. Then... it dries up. At the start of October the representative of the plant was issued 15 copies of the calendar and told that, considering the inflationary processes, the prime cost of a copy would be R3,600. And this meant that the plant could expect merely its own 3,000 calendars with the symbols, while the rest would remain at the publisher's. "I then demanded a new calculation," Yelena D. told us, "I wanted to know where this increase in the price had come from. It was brought me—for 'our' 3,000 copies. It said that the paper had been purchased in mid-April—why, then, was it so expensive? The chief accountant was summoned. She said: No, this is the wrong paper, it is not intended for this calendar. The appropriate people were hastily assembled, and I was given another set of figures—based on a cost of one copy of R2,700.

"To make a long story short, I realized that we had simply been cheated. At that time, in the month of April, Mr.

Mironov probably needed money. He had, evidently, wasted it on something or other. In actual fact, the plant lost this money. We were unable to sell the part of the print run that came to us, arriving too late. I was told in the publishing house's accounts department: 'You cannot imagine even how you were cheated....'"

It may be observed that the Siberian plant business was an isolated instance. But the paper knows of several other episodes of the less than ethical attitude of Mr. Mironov toward his authors and clients and his financial records. Describing them would take too long, showing the records is difficult. But are there witnesses? In two years Russkaya Kniga has had three chief accountants and as many commercial directors. Not one, according to people in the know, surrendered his files on leaving. And each of them will remember Mr. Mironov's methods of conducting business for a long time, if not forever.

We were told in the publishing house: "We still freeze with fear merely at the mention of his name...."

The appointment of PRAVDA man Mironov to the position of chairman of the Committee of the Russian Federation for the Press has been seen by many journalists as evidence of an obvious cooling on the part of the official authorities toward the news media. But, we are convinced, a less atypical person than Boris Sergeyevich Mironov also could have coped with the organization of the dubious game going by the name of "straighten out the journalist." It is obvious, for that matter, that the appointment of Mr. Mironov is the result of the materialization of quite narrow group interests. Boris Sergeyevich is in his position very convenient for a whole number of quite influential politicians. He will never, for example, fall out with the Committee for Information and Communications of the State Duma. And he will hardly abolish the at least 15 small state-owned (?) enterprises established on the basis of practically all the economic subdivisions of the Ministry of Press and Information and the Federal Information Center, whose successor the committee is (the newspaper has a list of all these small state-owned enterprises).

It is perfectly obvious that fighting the very institution of group (large or small, it is immaterial) political intrigue in our society is just as useless as trying to influence the weather by means of a collective campaign. Nonetheless, many of us formerly paid quite dearly for our democratic toys and trinkets for us now to be parting with them overnight. We realize, for that matter, that we have taken up too much paper and too much of the reader's time with individual traits and singularities of the new custodian of the press. The problem is not, of course, the character of Mr. Mironov—he does not, ultimately, eat children. The problem is that politicians of his ilk are again needed and are once again being brought into power. Meanwhile, time is passing. Journalists, like the peasants and miners, are sitting and waiting for government subsidies. The distribution of subsidies is the first and most telling manifestation of power. Today power is being manifested by the chairman of the Committee of the Russian Federation for the Press. We will see who gets the money.

Seminar on 'Problems of Investment-Construction Policy' Held

944E0807A Moscow KOMMERSANT-DAILY in Russian
30 Apr 94 p 3

[Article by Yelena Novomlinskaya: "Russian Cities Want More Independence"]

[Text] Economic changes have hardly yet affected the interrelationship between federal and local budgets. Handing over the major portion of their tax revenues to the federal budget, cities are virtually in no condition right now to carry out investment activity or implement social programs. A four-day seminar on the topic "Problems of Investment-Construction Policy in Russia," organized by the Union of Russian Cities and dedicated to a discussion of this problem, completed its activity yesterday.

The seminar was attended by an array of the most diverse organizations. In addition to representatives of the structures of power—the presidential staff, Ministry of Finance, Ministry of Economics, State Committee on Construction, and Moscow Committee on Land—Russian and foreign scholars were also invited, as were the commercial organizations SAVVA R.E., RAIN [not further identified], and Housing Initiative. The representatives of 20 major cities of Russia tried to generalize the information provided by those who spoke and present the real state of affairs in the investment-construction complex throughout Russia as a whole and in the localities as well.

The results turned out to be disappointing. It was clear from the presentations of representatives of the federal authority that the municipalities can rely only on themselves in resolving the housing problem. The government is presently able to finance only the program for provision of housing to military servicemen and (partially) to inhabitants of the North who have resettled in the central regions. Nor can local authorities rely on assistance from commercial structures in the financing of housing construction, although the experience of many firms using a contributory-construction arrangement tapping funds of the populace may find application in the regions.

In the opinion of representatives of the municipalities, the relationship between powers of the central and local levels of authority must be changed. The government has stopped financing regional programs but has not reduced its control over the activity of city authorities. As a result, the municipalities are left one on one with their problems, left with a mass of directives and statutes regulating their activities. In addition, effective this year a significantly greater share of tax revenues is going to the federal budget. Seminar participants believe the only way out is to diminish control by the center and expand the powers of local organs of authority in the use of tax revenues.

Results of the seminar will be generalized and reported in the conclusion of a group of experts, which will be provided to the committees on matters of local self-government under the federal legislative and executive authorities. These committees are presently drawing up proposals aimed at amending legislation on local self-government.

RF Government Federal Special Construction Chief Interviewed

944E0814A Moscow STROITELNAYA GAZETA
in Russian No 18, 16 May 94 pp 1, 4

[Interview with Colonel General Aleksandr Tumanov, chief of the Federal Administration for Special Construction under the Government of the Russian Federation, by Ivan Ivanyuk; place and date not given: "We Are in the Places Where It Is Most Important To Be"]

[Text] Among the first to complete their part of the work for reconstruction of the White House in Moscow after the October events were the military construction workers. Besides restoring seven floors on the right side of the building, the so-called sectors G-1 and G-2, they did a good deal of additional work. This organization, which is not well known even to specialists, began to be discussed literally during the first weeks of work, and when the plans for construction of the new parliamentary center appeared, it was the one to receive the prestigious order.

What kind of a firm is this, which has constructed hundreds of the largest facilities but until recently seemed to remain in the shadows? This and other questions are answered by Colonel General Aleksandr Tumanov, chief of the Federal Administration of Special Construction under the Government of the Russian Federation.

[Ivanyuk] Aleksandr Vasilyevich, last year your organization celebrated its 40th anniversary...

[Tumanov] Yes, it was created in July 1953. The Glavspetsstroy [Main Administration for Special Construction Work] (that is what it was called at the time) included 14 construction and installation administrations, 10 individual construction units, and several enterprises with various profiles. These forces had to carry out an extremely important task—to create an air defense system for Moscow in the shortest possible period of time. In addition to specialized facilities it was necessary to build a broad highway network, electric power transmission lines, substations, mechanization and transportation bases, and many other things. As early as 1955 the basic facilities of the Moscow air defense system were turned over to the military department. A system for protection of Leningrad was created in parallel.

[Ivanyuk] That is, your organization more or less came to the aid of the military builders of the Ministry of Defense.

[Tumanov] Not quite. We found our own "niche" very quickly. At the time one of the priority tasks was to raise the country's defense industry to a qualitatively new level. Glavspetsstroy was assigned the construction of the production shops, buildings, and structures, scientific research institutions, and design bureaus of the ministries of aviation, the radio-technical industry, shipbuilding, and the chemical, electronics, and defense industry. New military construction administrations were created in Saratov, Kuybyshev, Voronezh, Severodvinsk, and other cities.

[Ivanyuk] Now one could probably name certain specific facilities that were constructed during those years.

[Tumanov] It would be impossible to list all that was constructed. A very large volume of work was done in Moscow by seven military construction administrations. It would probably be hard to find a person in the capital who has not heard of the firms of Koroleva and Lavochkina or the plants Khromatron and imeni Khrunichev. Many administrative buildings, residential buildings, and medical institutions were built according to individual plans. The remarkable bicycle race track was built on Krylatskiy for the 1980 Olympics.

In St. Petersburg I would mention first of all the Svetlana Plant, the scientific research production-design institute Terminal, the Leninets scientific production association, and the scientific research institute of instruments, for whose construction at the end of the seventies the prize of the USSR Council of Ministers was awarded. A significant scientific and production potential was created in Voronezh. Among the enterprises and scientific research institutes built by the military builders was the plant for electro-vacuum instruments, the scientific research institute of communications, and the design bureau for chemical automation.

The Glavspetsstroy has done a great deal for the aerospace industry. We built the Center for Aviation and Space Machine-Building in Samara where, in particular, the Energiya missile was made. And in general for the Energiya-Buran program we built facilities in Moscow and in the Urals and in the Moscow environs.

In Sverdlovsk Oblast such strategically important facilities as the plant for producing titanium was introduced, and in Verkhnyaya and Nizhnyaya Salda—facilities for testing missile aircraft engines. The construction administration in Severodvinsk, which is now headed by Major General Anatoliy Polyakov, created the Center for Construction of Nuclear Submarines starting from zero. The immense scale of this construction project is shown by the fact that four football fields could be placed under the roof of the assembly shop.

During 1966-1967 construction was started on a whole complex of defense industry enterprises in Udmurtia. Through the efforts of two construction administrations an immense volume of work was performed—comparable to what was done in Moscow. Giants of industry were constructed such as the Izhevsk automotive plant, which is intended for annual output of 200,000 motor vehicles and 450,000 motorcycles, the Izhevsk metallurgical combine, which provides "defense" with especially strong grades of steel, the Izhevsk motor plant, which produces space electronic equipment, the Izhevsk radio plant, which produces the most complicated instruments and household radio equipment, the now world-renowned Votkinskiy machine-building plant where SS-20 missiles were produced...

[Ivanyuk] Each of these facilities probably required that the builders come up with difficult engineering solutions.

[Tumanov] Undoubtedly. For example, when constructing the bicycle race track on Krylatskiy in order to cover spans of 168 meters, they installed on inclined metal arches two saddle-shaped coverings made of rolled welded steel sheets four millimeters thick. And the supports were reinforced

with solid reinforced concrete tie-beams which can hold up to 6,000 tonnes. This was the first time such a solution had been used in domestic or foreign practice. One could give many examples like this. And in 1989 the Planning Design-Technological Institute was created as a part of Glavspetsstroy, which made it possible to perform the full cycle of work for creating one facility or another, to introduce the achievements of science and technology more actively, and to reduce the time periods for construction.

[Ivanyuk] Spetsstroy must be distinguished by its autonomy.

[Tumanov] It does approximately 80 percent of its work with its own forces. The Main Administration includes automotive transportation enterprises and mechanization administrations. Practically every year we build an enterprise for the development of our own production base. Now, for example, in the Moscow suburb of Tuchkovo we are building a modern brick plant which meets European standards. It will produce 45 million bricks a year. We want to arrange production of plastic carpentry items. In recent years we have mastered the technology for pouring solid concrete and producing gypsum-cardboard partitions. Industry of the Main Administration produces a total of more than a million cubic meters of reinforced concrete a year, approximately the same amount of gravel and sand, hundreds of square meters of carpentry items, tens of thousands of "cubes" of items made of cellular concrete, and tens of thousands of tonnes of metal structural elements.

[Ivanyuk] Your organization has been working for "defense" for decades. The conversion of the defense industry, and especially the way it is proceeding, could not but affect the work of the builders.

[Tumanov] Of course, it has had an effect. We too are now conducting a kind of conversion process, and it is rather painful. While before 1990 each day we released 700,000-750,000 square meters of industrial space and 500,000-600,000 square meters of dwelling space for operation, now it would be ideal to reverse this ratio. But the decline of production during the past two or three years was so sharp that last year we were only able to reach the level of 450,000 square meters. And I am not even talking about industrial projects.

And this also entailed a considerable outflow of personnel, although we were able to retain many of them. The number of military construction workers also decreased from 50,000 to 20,000. Working in Glavspetsstroy has always been prestigious. For example, we used to hire 40 graduates of the Moscow Engineering Construction School each year and we held a competition for them to enter our system. Many officers from the military schools also had hopes of working in Glavspetsstroy. I recall my own experience, since I came to one of the largest construction projects in Udmurtia as a lieutenant after graduating from the Kazan Engineering-Construction School.

We have always tried to create good conditions for the work and recreation of our people: We set up polyclinics and hospitals with the latest in technical equipment, built sanatoriums-preventive treatment facilities, and health bases. Each year 10,000-11,000 children spend the

summer in recreation camps alone. Even now during these difficult times we are building a children's health facility to accommodate 450, which is to be put into operation in 1995. We are solving our workers' housing problems. There were times when we constructed 200,000-250,000 square meters of housing a year for ourselves alone. But even this year, for example, in Moscow alone we will release at least 250 apartments.

Now we are faced with the task of making housing construction the main area of the work of the entire Main Administration. To do this we are reconstructing housing construction combines in Izhevsk and Novorossiysk.

[Ivanyuk] Aleksandr Vasilyevich, what are your specific plans for this year?

[Tumanov] There are many suggestions. A large volume of work is planned for Moscow. Thus the Moscow Construction Committee has turned over to us for reconstruction an entire block of residences on Zoologicheskaya Street—about 100,000 square meters of housing, garages, parking lots, and offices. In today's prices this amounts to more than a quarter of a trillion rubles. Large amounts of work are also planned for Butovo and Lyublina.

If we look at the defense industry, it is "loading" us by 15 percent. They are the traditional clients—the Izhevsk plants, the design bureau imeni Lavochkin, the Severodvinsk nuclear center. Perhaps the most difficult situation now is in Severodvinsk: They have plenty of work but no money. We might have to relocate part of the organization to another region. Two new construction administrations were formed recently in Krasnodar Kray and the creation of several subdivisions is in the stage of development. We are prepared to work in any region of Russia and carry out any tasks in short periods of time.

[Ivanyuk] The "special construction workers" are used to strict deadlines but will you be able to compete in terms of quality?

[Tumanov] With good quality of construction materials and control of the course of the work I think we can cope with any task, and it is a fact that we will do it at a lower cost, even if we have to buy some of the materials abroad. We have experience in building unique facilities. I have already mentioned the bicycle race track on Krylatskaya. I can also name others: the Moscow area flight control center, the relay tower in Novorossiysk. We are also striving to gain new experience. In 1990 we acquired a license to engage in foreign economic activity and we already have two joint ventures with foreign firms functioning. During this time we have managed to build a station for technical service for the Soviet-Japanese firm Imis. In conjunction with the Canadians we have released several offices "turnkey" for foreign firms and we are building an ice cream plant for the well-known American firm Baskin-Robbins in Moscow. So we are giving serious thought to reaching the level of world standards.

Legal Protection of Consumer Rights Viewed

944F0705A Novosibirsk VECHERNIY NOVOSIBIRSK
in Russian 12 May 94 p 4

[Interview with A.N. Raspopin, chairman of the Novosibirsk Municipal Committee for Protection of Consumer Rights, by Vladimir Krylov, VECHERNIY NOVOSIBIRSK correspondent; place and date not given: "The Law Is on Our Side"]

[Text] Last year, starting in May, from the moment the Law "On Protection of Consumer Rights" went into effect and the appropriate municipal committee was established, the committee received about 2,000 complaints, more than 1,500 of which were examined and the rest are in a stage of resolution. More than 37 million rubles [R] has been returned to purchasers. We bring to your attention an interview by our correspondent with A.N. Raspopin, chairman of the Municipal Committee for Protection of Consumer Rights.

[Krylov] Aleksey Nikolayevich, I happened to read about this kind of incident once in an American journal. Coming down the stairs in a hotel, a little girl stumbled on the stair carpet, broke the heel of her shoe, and dislocated her foot. A suit was filed in court. Expert analysis established that, first, the runner was not stretched tight and, second, that the screws attaching the heel were not long enough and did not ensure reliability. The victim was paid a big sum in damage compensation. After reading this, you will sigh: Well, that is in their country! You will not get anything like this in our country. Is this really so, is our consumer without rights?

[Raspopin] No, not now. Each one of us is reliably protected by the Law "On Consumer Protection." In addition, it is well reinforced by the Statute "On Coordinated Actions To Ensure State Protection of the Rights of Consumers of Commodities, Work, and Services," which was signed by a whole number of responsible government organs. An entire system for the protection of consumer rights has been established in the country.

[Krylov] Everything is described in sufficient detail and clearly in the law. But what are the fundamental rights of an individual if he bought a commodity of poor quality, or if he is dissatisfied with work and services performed on his order?

[Raspopin] In the event that an article proves to be of low quality, has defects and flaws, and does not meet required standards, the seller is obliged to perform repairs at his own expense or replace the commodity. If the article went out of commission during the warranty period, responsibility is also placed with the selling organization and, in addition, if the purchaser refuses an exchange, he is reimbursed not the former cost but the new cost in effect the day of the appeal. We have mainly had complaints about television sets, refrigerators, and washing machines, and they occurred for wine and vodka items and household services. All the suits were satisfied. I will cite even this example. As a result of a power surge, expensive equipment—a personal computer system and a video set—were burned out at citizen Stankov's place. He filed a suit. The

case was decided in his favor, and the cost of the equipment—R1.7 million—was paid, plus punitive damages, and 15 percent of the cost to the state budget; in addition, the guilty organization paid R36,000 for the expert evaluation.

[Krylov] But how is trade reacting?

[Raspopin] Sometimes it shows opposition and refuses to compensate for damage voluntarily: returning the money, or replacing the commodity. But as soon as the question of bringing the case to court arises, the tone of many people changes, as a rule.

[Krylov] It also happens frequently that sellers cannot provide reliable information about the commodity and the manufacturing firm. Either they do not possess it, or they cannot be bothered to answer, or they deliberately conceal things in order to sell a commodity. What is done in such a case?

[Raspopin] Articles 6, 7, and 8 of the Law "On Protection of Consumer Rights" obliges the manufacturer and seller to make information about a commodity available to the purchaser in an easily understood form—the manufacturer, the price, the main consumer features, and storage periods. Incidentally, on the basis of the Law "On Answerability of Sellers for Violating Consumer Rights" in the event of a systematic violation of rights, a trade enterprise and a manufacturing firm can be liquidated in the established legislative procedure. It cannot be ruled out that an announcement could be made about the fact that the store is being closed for violating consumer rights.

[Krylov] There is not always time in the store to examine a purchase. For example, I brought it home, looked it over carefully, there was something I did not like, then...

[Raspopin] Then the purchaser has the right within two weeks from the day of the sale to return the commodity and demand an exchange.

[Krylov] The rather widespread rebuke still occurs in trade: We did not produce it, all claims have to be made with the manufacturing plant.

[Raspopin] This is absolutely not true. Trade is obliged to sell only quality commodities, to conclude a contract for guaranteed service and repair, or to refuse to sell such a commodity. Even if there is no contract but the commodity is defective, trade is nonetheless obliged to repair or replace it, and it in turn requires compensation from the manufacturer.

[Krylov] But what about warranty periods? Household equipment is expensive, but trade frequently establishes ridiculous periods—sometimes several days, sometime a couple of weeks, and, at best, a month. But a hidden defect does not always appear that quickly.

[Raspopin] Here trade is wrong. Established standard periods exist—for complicated household equipment, as a rule, this is a year or two. Even if the seller writes that, he says, he is giving a guarantee for only two weeks or two months, in the event the purchased household equipment breaks down the law will be on the side of the consumer.

[Krylov] That is, sellers should remember the saying: You cannot back out once you have begun.

[Raspopin] Absolutely correct. And also a certificate has to be shown during the purchase. All products that come into the trade network must be certified in a mandatory procedure. Incidentally, if the trade inspection discovers the absence of a certificate—it has a right to remove the commodity from sale.

[Krylov] Sometimes in the plant instructions for equipment, notations are made that if there is no date of sale and store stamp or the commodity was sold by a commercial structure, the manufacturer is not responsible and does not provide warranty repair.

[Raspopin] The purchaser does not have to pay attention to such notations, just as the court does not take them into account. Such notations contradict the Law "On Protection of Consumer Rights."

[Krylov] Thus, if the purchaser acquired a faulty commodity, and trade refuses to satisfy his claim, he should appeal to you?

[Raspopin] Yes, but only physical, private persons. We do not examine suits of juridical persons. We will provide the consumer with a consultation, and we will draw up all documents free of charge, and the purchaser himself will not have to pester anyone.

[Krylov] As far as I know, the procedure for appealing to the court is rather simple. But why do people, after gossiping among themselves, not defend their rights according to the law?

[Raspopin] Most likely because the very word "court" is associated with something unpleasant. But after all, this is a normal civilized means of defense of their rights. Indeed, even the plaintiff may not appear in court himself—our structure will take care of everything for him.

Growing Incidence Of Strikes Viewed

944E0810A Moscow TRUD in Russian 13 May 94
Evening Edition p 1

[Article by Vladimir Loktev: "They Are Not Striking Against The Good Life"]

[Text] Strike. This alarming and threatening word burst into our lives during the summer of 1989. It was at this time that the Kuznets Basin miners, driven to despair, revealed to the dissatisfied authorities the true meaning of the term worker solidarity.

Over the past five years, millions of workers in dozens of branches participated in strikes as an extreme measure of protest in the struggle for their rights. They gradually became a common social phenomenon throughout the expanses of Russia and the CIS, a phenomenon which, unfortunately, is increasing in scale.

An unprecedented "strike flare-up" was recorded by the Russian Federation Goskomstat [State Statistical Committee] during the first quarter of this year: these strikes involved 288 enterprises, or 24 more than during all of 1993.

The statistical table included herein enables a reader to determine for himself the degree to which strike activity has increased (data for the first quarter of 1993 and 1994).

	Number of enterprises that participated in strikes, 1993, 1994		Number of participants, thousands of people, 1993, 1994		Losses in working time, thousands of man-days, 1993, 1994	
Overall	29	288	18.2	114.5	34.2	283.1
Industry	28	137	17.9	87.4	33.2	168.6
Including:						
Fuel	27	135	17.5	87.0	30.3	167.1
Education	-	137	-	24.7	-	107.2
Construction	-	7	-	1.3	-	4.7
Transport and Communications	1	4	0.3	0.7	1.0	2.0
Other branches	-	3	-	0.4	-	0.6

There is no need for commenting upon these figures, since they speak for themselves. Compared to the first quarter of last year, the number of strikes increased by a factor of 10.3!

According to data provided by Mintrud [Ministry of Labor], the indicators for labor conflicts and disputes are even more striking. Since the beginning of the year, they have been recorded at 1,356 enterprises, organizations and institutions throughout Russia.

As for losses, so far this year, as a result of strikes (not counting enterprise idle time caused by other factors), the output of the fuel-energy complex declined by 8.8 billion rubles' worth of product. As a result of deliberate cessation of operations, 88 enterprises failed to deliver more than 3.5 billion rubles' worth of contracted goods. The greatest losses from strikes occurred in the Komi Republic, western Siberia and in Kemerovo, Tula and Tostov oblasts.

The principal causes of these strikes and labor conflicts are well known: decline in production volumes, financial crisis, non-payments in mutual accounts, and particularly—considerable indebtedness of the federal budget and numerous delays in wage payments for workers in the "basic" branches.

According to data furnished by the General Trade Union Conference, the overall wage indebtedness for the CIS on the whole, for the month of March, amounted to approximately three trillion rubles. In Russia alone, the workers at 35,000 enterprises failed to receive the money for their labor in a timely manner.

It must be assumed that, following numerous meetings between Premier Viktor Chernomyrdin and representatives of striking organizations, the government is striving if not to eliminate entirely then at least slow down those processes which promote strikes. It was by no means an accident that, on 11 February, Viktor Stepanovich, during a meeting with miners, stated directly: wage indebtedness will be eliminated gradually (and this is being accomplished—V.L.). And he added: "The question of whether or not to strike does not disturb me. The problem lies in the fact that we are unable to handle correctly that which is at our disposal." It is hoped that this time the government will keep its word and strive to suppress the wave of strikes

using economic measures. Nevertheless, it is my opinion that the severity of the strike movement (with varying degrees of activity depending upon the branch involved) will continue in the immediate future. This is so, owing to the fact that the problems being resolved will be replaced by other equally alarming problems.

For example, one such problem among miners is the threat of unemployment: the closing down of exhausted and unprofitable mines, with no new jobs being created. Moreover, work is simply dangerous at a number of mines: the equipment is worn out to an extreme and the prices for new items of equipment are ruinous. Funds are simply not available for maintaining the mines in safe operating condition. Hence we are encountering one tragedy after another involving human victims.

Yes, miners are perishing owing to intolerable working conditions and neglect of the basic safety requirements. In Moscow Oblast alone, 48 individuals perished at their working positions over a period of three months—considerably more than the figure for last year.

Not only the government, but also all authoritative structures in Russia should recall one basic truth: a strike is not waged against the good life. The main question is how life can be changed for the better in a more rapid, effective and realistic manner.

FITUR Secretary Urges Minimum Wage Reindexation, Increase

944E0811A Moscow *RABOCHAYA TRIBUNA* in Russian
13 May 94 p 1

[Article by Arkadiy Solovyev, secretary FITUR: "Minimum Wage—40,000 Rubles"]

[Text] Fitur insists upon a minimum wage of 40,000 rubles and the trade unions approached Chernomyrdin a third time in this regard.

As is known, the last indexation of the minimum wage amount (minimum wage) was carried out on 1 December 1993, at which time it amounted to 14,620 rubles. We are coming to the end of the sixth month and everything is just as in the past. It is as though the cost of living is not rising. Officials of Minfin [Ministry of Finance] officially stated,

in behalf of the government, that the minimum will best be reviewed during the third quarter, when it will reach the level of the present minimum pension. Thus, just as in the past, the authorities will solve the budget problems by means of hired workers.

In this regard, it is worth citing several state statistical figures. The average monthly wage during the first quarter of 1994 was 146,000 rubles and compared to the same period for last year this represented an increase by a factor of 7.5, with prices increasing by more than a factor of eight.

In December, the difference between the minimum wage and the average national economic wage amounted to a factor of 9.5 and in March—11. And the lag in the minimum wage compared to the minimum living wage, during the same period, was 3.3 in December and 4.8 in March respectively.

It is regrettable that low income workers are the group most affected by the freezing of the minimum wage.

In this regard, FITUR was recently forced to turn to Premier V. Chernomyrdin a third time, since the previous appeals (in March and April) on indexation of the minimum wage were declined by the Ministry of Finance. The arguments put forth by the Russian Federation Ministry of Finance regarding reindexation were in our opinion invalid: the proportion of the minimum wage in the minimum living wage of an able-bodied citizen declined in December 1993, compared to January of the same year, from 34.8 percent to 30.3, and continues to decline.

FITUR views the existing situation as a direct violation of the Russian Federation law entitled "Minimum Wage Amount" and also as non-fulfillment of the general agreement between the all-Russian associations of trade unions, the all-Russian associations of employers and the government of the Russian Federation for 1994, in the section dealing with the "maximum possible approach of the minimum wage amount to the actual value for the minimum living wage." This increases social tension in society and lowers the level of confidence in the government.

In behalf of member organizations, FITUR has proposed that the government declare its readiness to monitor the signed agreement regarding social accord and the general agreement for 1994 and to resolve the question regarding the establishment, commencing 1 May 1994, of a minimum wage in the amount of 40,000 rubles and a wage rate of the first category ETS [Unified Wage Rate] in the amount of 42,000 rubles.

Nuclear Repair Industry Union Makes Third Government Appeal

944E0811B Moscow *RABOCHAYA TRIBUNA* in Russian 13 May 94 p 1

[Article by G. Kostin, chairman of the PRP NVAER Trade Union Committee: "If No Money Is Paid For Work, Then For Whom Are These Reforms Intended?"]

[Text] Dear Editorial Board of *RABOCHAYA TRIBUNA*! Our appeal addressed to the president and government of the Russian Federation and the response thereto were

published in your newspaper on 22 February and 22 March 1994. The course of events forces us to once again speak out in this newspaper and quite possibly not for the last time. Only the president of the "Rosenergoatom" Concern commented upon our appeal in the newspaper. The remaining elements remained silent.

Truly, we were provided with "systematic assistance" in the form of a one-time credit in the amount of 30 million rubles, an amount which constituted one fifth of the monthly wage fund. This assistance was to be returned within a period of three months.

Thus, there have been no changes for the better since the appeal was published on 22 February 1994. To the contrary, the situation has deteriorated and social tension has increased—indeed, the last salary received by the collective was for November 1993. At the same time, lacking the funds for paying wages and thus not issuing them, the enterprise is obligated to transfer income tax (from wages not received) and to make assignments to the pension and other funds, with extra charges for late payments.

Are we really speaking in a language not understood by the officials? We are not asking for nitpicking interference or for charity and we are not praying to the Almighty. No, we are asking the chief debtor, namely the state, to ensure reimbursement for the obligation in the form of dearly earned money.

As a mark of protest against that which took place illegally, we participated in sanctioned picketing of the White House. There has been no response to our appeal and workers attached to the "Novovoronezhskatomenergmont" Production Repair Enterprise, for the fifth month now, since December 1993, have not received their wages and have been subsisting on bread and potatoes.

Gentlemen, rulers! Your discussions regarding improvements in the people's standard of living and lowering inflation (inflation has declined, since half of Russia is not receiving wages)—are nothing more than fantasies being substituted for reality. Thanks to your "talented" leadership, the approved program for the market is failing before our very eyes. The destruction of atomic power engineering, now in progress, is tantamount to the destruction of Russia.

Gentlemen! Devote more thought to this matter.

Social Protection Ministry Official on Pension System Reform

944E0819A Moscow *ROSSIYA* in Russian No 18, 11-17 May 94 p 3

[Interview with Yuriy Voronin, chief of the Organization of Pension Services Administration of the Russian Federation Ministry of Social Protection, by *ROSSIYA* correspondent Svetlana Bakulina: "Intrigues and Pensions"]

[Text] The Russian Federation Ministry of Social Protection has worked out a concept for pension reform. This concept, which has already been approved by a number of ministries, is the prototype for a draft law on pensions.

Yuriy Voronin, chief of the Organization of Pension Services Administration of the Ministry of Social Protection, answers some questions by a ROSSIYA correspondent.

[Bakulina] How are the roles assigned among the services in charge of pensions?

[Voronin] The Ministry of Social Protection and this ministry's system organize the work of assigning and paying the pensions. The Pension Fund is a special financial organization whose purpose is to collect the pension taxes from enterprises and finance the payment of pensions in accordance with applications from the social protection organs. In addition, communications enterprises and the Savings Bank, which deliver pensions directly to the recipients, operate in our network as well.

[Bakulina] Previously, everyone knew only what the sobes [Social Security] said, and everything was understood. Now the Pension Fund, which does not have any money, for some reason, has made its appearance...

[Voronin] The idea belonged to the union's ministries of labor and finance. It was Vladimir Shcherbakov, who was chairman of the USSR Goskomtrud [State Committee for Labor and Social Problems] at the time, and later vice premier in the last union government. And Valentin Pavlov, the minister of finance. They maintained: if we take the pension money out of the state budget (the overall budget) and transfer it to an independent budget, pensions will not be financed in accordance with the residual principle, as before, but the principles of self-sufficiency.

[[Bakulina] That is, the pension money should grow as if it were in yeast?

[Voronin] It was a very clever maneuver when a tax increase was disguised under social needs. Because the insurance rate under the previous social security system did not exceed 7 percent from enterprises' wage fund. When they passed the USSR pension law, they calculated that 26 percent of the wage fund would be required to implement it. But they set the insurance rate at the figure 37 under the Pension Fund. When they formed the Pension Fund, the decision was made that 11 percent of this 37 percent would be put into an economic stabilization fund. This was done in accordance with Gorbachev's directive. I do not think anyone except Pavlov knows what kind of a fund this is and where he spent the money.

[Bakulina] But how did this manage to get through the Supreme Soviet?

[Voronin] But who will raise his hand to vote against the pensioners? When they began preparing the Russian pension law, they did it mainly to spite the union's law, saying that everything was bad under the Soviet Union, but everything will be fine in Russia. They imitated everything related to the Pension Fund, however. Even that 37 percent. Though in the Soviet Union the Pension Fund was subordinate to the government, it was considered at the time that the best people were assembled in the Supreme Soviet, so they made the Pension Fund subordinate to the Supreme Soviet. At first it did well: 37 percent for pensions was too much, all the same. It was possible to put money aside and invest it. Later on the interest rate dropped to 28. And the problems began. Both because of

this and our worsening economic situation in general. In addition, the Pension Fund was used by the former Supreme Soviet in its struggle with the executive authority. The Supreme Soviet made decisions that were deliberately populist, but it presented them as concern for the pensioners. These decisions were not backed up by anything financially, although the Pension Fund promised: we will finance everything. But things came apart later on. The Pension Fund promised indexing and an increase in pensions, planning that wages would also increase. But the Supreme Soviet was concerned with pensions and the government was concerned with wages. Wages rose more slowly than the pensions. Which should not be the case, in principle. A pension cannot be larger than wages.

[Bakulina] Then what do you say about the nonstate pension funds that are being developed?

[Voronin] There is no future for them in the form they are being established today. Foreign experience shows that funds such as these can be developed when an enterprise either contributes all the money for its employees or when contributions from the enterprise and its employees are added together. Counting exclusively on employee contributions, as we are starting to do today, is not a serious approach. The overall insurance rate for all types of insurance is roughly 40 percent. Add the taxes to this, and it will be a huge sum. Enterprises have no incentive to transfer such an amount of money to nonstate pension funds—they have to deal with the state taxes, for God's sake. As far as working citizens are concerned, who will risk putting something away for some unknown purpose?

[Bakulina] Aren't they really given any guarantees?

[Voronin] The risk is very high. For example, I formed my own fund, I invested money in the KamAZ [Kama Automotive Plant], and I want to receive dividends. But the KamAZ went bankrupt. So my fund went bankrupt as well,

[Bakulina] Are you prepared to protect citizens in the event that there are any excesses in these funds?

[Voronin] They have not come to us with any complaints yet. But they may come. They went to Chubays with complaints about "Tekhnicheskii Progress," although the checking fund had no investment license. Chubays is not responsible for it, but he had to get involved. The same thing may happen to us. And although I am not formally responsible for the funds' activity, I will obviously have to become familiar with the details. We have formed a small subunit of three individuals to compile a register of the funds.

[Bakulina] What is the nature of the reform being proposed by your department?

[Voronin] We are proposing the formation of a normal pension insurance system, in which a unified pension insurance institution collects the insurance contributions, finances the pensions, and assigns and pays them. The institution may be established only after a record of individualized insurance payments is introduced. It should contain all the information: the amount each citizen has deducted for the pension fund, how much time he has been deducting, and what his earnings were. Then we will not need labor books or earnings statements, because everything

will be in the data bank. This cannot be quickly implemented technically. For this reason, we consider creation of a mechanism to protect pensioners from the unfavorable consequences of the shift to the market to be our priority task. Legislation has not responded to these processes, unfortunately, so a new market pension law is needed.

[Bakulina] Will the parliament pass new legislation?

[Voronin] A great deal depends on organization of the work. In Germany, as an example, they passed a law aimed at the year 2015. All the political parties—the ruling and opposition parties—met and worked out the norms suitable to everyone. I think we should organize our work this way—we should sit down in parliament and together with the members of parliament, go through each article in the new draft law.

[Bakulina] Let us assume that the deputies discuss the problem of working pensioners. What have you prepared in this regard?

[Voronin] When the union's law of 1956—which lasted for 30 years—was introduced, there was no provision in it on the possibility of receiving a pension during a working period. A precedent was set when Kosygin visited one of the defense plants. Uncle Vasya, a fitter who was unique in his field, had been pensioned and there was no one else to make certain parts. Then Kosygin proposed that an exception be made in his case, enabling him to receive his pension and wages at the same time. Then there was a second, then a third case... The list of situations in which a pension was being paid gradually became larger, as is usually the case.

[Bakulina] Only the intelligentsia has been "unworthy" of such a privilege.

[Voronin] Indeed. I do not think that a return to the previous situation, in order to do away with a pension during a period of work, will be successful, and there is no need to do this, of course. But we obviously do not have to index the pension of those who are working. But after all, what do we end up with? A working pensioner is indexed twice—for his pension and for his wages. Secondly, taking into account that there is not enough money in the Pension Fund, there should be a certain limitation on pensions in accordance with the principle which applied previously for servicemen, when a person's pension plus his wages should not exceed his earnings when he began his pension. This is very widespread in the West, by the way.

[Bakulina] Try to explain this in an example.

[Voronin] Very simple. If you were working and your pension was figured from earnings of 100,000 rubles [R], you were assigned a pension of R60,000 or R70,000. You can continue to work and receive any wage, but you will be paid your pension in such a way that your earnings, plus your pension, do not exceed your R100,000. This is one of the versions. Perhaps they will select a different one. Only bear one simple fact in mind: when there is no money left in the Pension Fund, a decision on some restrictive measures—either on payment, or age, or some other factor—must be made without fail. And we will be making the

decision under conditions that are worse. And that decision will be more painful for society than the current one—a gradual and prepared decision.

Bombing Attack in Moscow Examined

944F0690A Moscow KOMMERSANT-DAILY in Russian No 70, 19 Apr 94 p 14

[Article by KOMMERSANT correspondents Sergey Topol, Dmitriy Pavlov, and Igor Fedorov under the rubric "Terrorist Acts in Moscow": "Criminals Blow Up Armenian Family's Apartment"]

[Text] Two powerful explosions went off in Moscow last Saturday. The bombs had been placed in residential buildings on Leo Tolstoy and Zelenodolskaya Streets. As a result one person is dead, and six are seriously wounded. The terrorists were not apprehended right away. KOMMERSANT correspondents Sergey Topol, Dmitriy Pavlov, and Igor Fedorov visited the sites of the incidents.

At 0800 on 16 April residents of the apartment house on 7 Lev Tolstoy Street (formerly the property of the USSR Council of Ministers) were awakened by a powerful explosion that went off on the second floor stair landing of entrance No. 3. The shock wave knocked out the doors of several apartments, shattered windows from the first to the fifth floor, and damaged the elevator. According to militia personnel who arrived at the incident site, the explosion tore off the arm of Valeriy Chernikov who happened to be near apartment No. 118. In addition, Maria Chetvertkova, the building's grounds keeper who was cleaning the stairs, ended up with a head bruise. Chernikov and Chetvertkova were taken to a hospital. Also injured was the apartment owner's dog—boxer Greta's fur was singed on its back and sides.

As KOMMERSANT correspondents were able to establish, the explosion took place under the following circumstances. The occupants of the apartment were Irina Ulyanova, a housewife, and Sergey Ostroukhov, director of Cafe Cherkizovo. Early in the morning they had a visitor—their friend Valeriy Chernikov. He noticed a suspicious plastic parcel next to the apartment (half a year ago, in November, an F-1 grenade was tied up to the door handle of the same apartment, but on that occasion the explosion was averted). Chernikov attempted to carry the package out to the street, but the bomb inside the package went off. Chernikov lost his left hand. On the same day the militia searched Cafe Cherkizovo, which is currently under repair. They were looking for explosive devices, but did not find any.

In an interview with KOMMERSANT correspondents, militia personnel said that the package contained a home-made explosive device. According to them, so far there is no clear hypothesis as to the motive for the terrorist act (in the November incident, both the apartment owners and the militia assumed that the grenade had been tied to the apartment door out of "hooliganism"). A criminal case was opened on the subject of the explosion, which was transferred to the procuracy for investigation.

At 2320 the same day a powerful (500 g of TNT) explosive device, secured to a first floor window bar, went off at building No. 2, 9 Zelenodolskaya Street. The impact of the

explosion was such that it made a hole more than a meter in diameter in the building's bearing wall. In addition, partitions between rooms were destroyed, the apartment's entrance door knocked out, and windows broken from the first through sixth floors. The shock wave lifted a Moskvich car standing about 20 m from the point of the explosion and threw it onto a Zhiguli car standing nearby. The victims of the explosion were an Armenian family that had lived in this apartment for about three years. The head of the household, Eduard Kuzikyan, died on the spot; his mother, wife, brother, and four-year-old son were seriously wounded. The victims' neighbors told a KOMMERSANT correspondent that they pulled Mr. Kuzikyan from under the rubble and tried to resuscitate him, but to no avail. Militia personnel refrained from commentary, citing confidentiality of investigation.

[begin box]

KOMMERSANT Experts' Advice on Personal Safety

The actions of a person who discovers an unidentified object depend first and foremost on whether he has reason to believe that this object may contain an explosive device.

1. If you do not have reason, but are not certain that the object is harmless, you can attempt to evacuate the object you have discovered from the zone of potential danger to others. Select for this purpose a nearby place not frequented by people. Lift the object very carefully and do not press against any part of it under any circumstances. If it is a briefcase, carryall, or suitcase, never lift it by the handle—it may be connected to a detonator.
2. If you have reason to believe that you have discovered a bomb, it is best not to touch it altogether. Homemade explosive devices (HED), which are the kind most often used by criminals, are the most dangerous of all types of explosive devices. Even professional explosives experts are advised to destroy them on the spot.
3. A person who discovers a bomb should take immediate steps to ensure the safety of others. If a bomb has been found in a building stairway, you need to warn the tenants to either leave their apartments or stay in them under the cover of bearing walls. Remember that the entrance door is poor protection against flying fragments and the shock wave. It is preferable to open the windows in the apartments and on the staircase—the shock wave (in the event of an explosion) will escape to the open space without doing too much damage.
4. If you are approaching an apartment and see a burning cord leading to a suspicious object, try to avert an explosion. In order to do this, hold the object in place (but do not put strong pressure on it, and with the other hand jerk the cord out and throw it away. Find cover immediately. Wait for at least 15 minutes, then leave the cover and do not forget to report the incident to the militia (make sure that your report is registered). [end box]

Murder of Duma Deputy Viewed

944F0690B Moscow KOMMERSANT-DAILY in Russian
No 79, 30 Apr 94 p 20

[Article by Yekaterina Zapodinskaya: "The Criminal Aimed at a Businessman, Not a Deputy: Investigation of State Duma Deputy's Murder"]

[Text] A funeral will be held in Khimki today for 35-year-old Andrey Aizderdzis, a State Duma deputy and former chairman of the board of the International Business Corporation (MDK) and MDK-Bank. He was killed on the evening of 26 April near the entrance to his apartment building by a shot from a pump-action rifle. The investigation is working on many possibilities; KOMMERSANT has learned of nine of them.

A Quarrel With the Mayor

At the Khimki procuracy, which has opened a criminal case on the murder, our KOMMERSANT correspondent was told that the investigation is working on all possible versions, first among which is the so-called "political" one. It is possible that the victim was selected from an alphabetical list of deputies, where Aizderdzis is near the top.

The second version takes into consideration the enmity between the deputy and the mayor of Khimki, of which the entire town was aware. According to MDK General Director Aleksey Ponomarev, "Andrey Daynisovich did not have any enemies except Mayor Yuriy Korablin and his inner circle." One of the causes of the conflict had been Mr. Korablin's refusal to issue a certificate of ownership for the mansion in Old Khimki which houses the International Business Corporation and MDK-Bank. They had bought the decrepit structure from the consumer services administration, and after reconstruction it became one of the most beautiful mansions in town. It turned out later, however, that such a deal was illegal, since state property cannot be alienated without a bid or an auction. Therefore, at the mayor's initiative, it was annulled in the arbitration court.

The mutual dislike between the head of the town administration and the bank management increased after the beating of Sergey Chernykh, director of Khimki cable television, who is considered the "mayor's man." On the day of elections to the State Duma, bodily injury was inflicted on Mr. Chernykh for refusing to air a video film on Andrey Aizderdzis' meetings with famous people—Nikolay Ryzhkov and Nikita Mikhailov. According to Mr. Chernykh, he was roughed up by two MDK guards at Aizderdzis' order. He was not able to prove this allegation to the investigation, however, and the criminal case initiated against the State Duma deputy was closed. The management of MDK-Bank called the beating "a provocation, and not the first one, on the part of the mayor."

In the bankers' opinion, it was the mayoralty that had initiated the audit of MDK-Bank and the corporation, conducted by the city's tax inspectorate and tax police. The bank was told to pay into the budget 100 million rubles [R], the corporation—R1.2 billion. The bank paid up, but the MDK called the inspectors' actions "lawlessness," withdrew the money from its account, and de facto ceased to exist.

Soon after the audit Andrey Aizderdzis sent a letter to Russia's Tax Police Department. In it the banker reported that the chief of the Khimki tax police, Dmitriy Karasev, had "blackmailed" him, demanding that he voluntarily transfer to the budget R250 million and threatening to otherwise slap the MDK and the bank with R4 billion in sanctions. This conversation with Mr. Karasev was recorded on tape. Aizderdzis also said in his letter that in the spring of 1993 MDK handed over to Aleksandr Gayderov, deputy head of the city administration, R3 million to purchase a car for Mr. Karasev, who was also paid R100,000-150,000 monthly as a "bonus to supplement his salary." In his letter the banker said that he was prepared to "produce witnesses" for the Tax Police Department to support this information.

Mayorality Inclined To Believe "Gangster" Version

All staff members of the local administration with whom the KOMMERSANT correspondent had a chance to talk believe that it is to MDK-Bank's benefit to lead the investigation away from the true causes of the murder. Which are allegedly to be found in its commercial activities, as well as in its former connection with the Zelenograd-Khimki organized crime group led by Viktor Burlachko (until his arrest for extortion in the summer of 1992). According to unofficial data, the Burlachko group for while served as MDK's "cover," but after the arrest of its leader, Andrey Aizderdzis "did not find common language" with "Burlak's" successor Dmitriy Romanov. In 1993 the banker allegedly even helped to "hand over" to the militia Romanov, who was on the wanted list. According to information from the same source, the murder was "revenge for Romanov."

MDK-Bank Chairman of the Board Anatoliy Vasilyev (a former procurator) said that as early as December 1993 two unknown persons had threatened him and demanded that he immediately resign his position. Aizderdzis could have chosen to dismiss Vasilyev, but had not done so because he valued the latter as a competent jurist. Then on 25 December, when the banker stepped out of his house to shake out a carpet, two burly men who "looked like gangsters" approached him. One of them grabbed Vasilyev by the ear and said: "You make waves, and even bodyguards will not help your kid and your family."

The banker turned to the oblast procuracy and told them that the threats were directed not so much against him as aimed at getting at Aizderdzis. "My prophesy came true," Mr. Vasilyev told a KOMMERSANT correspondent a few days ago. According to him, what made the tragedy possible was that the investigators who were in charge of the criminal case on the subject of the threats against him had led the case into a dead end.

The version of gangster revenge was refuted by MDK General Director Aleksey Ponomarev. According to him, in 1991 Burlachko did indeed visit MDK, but currently the corporation would hardly be of interest to criminal structures, since it does not have "either retail kiosks or cash."

Aizderdzis' Newspaper Insulted Crime Bosses

One more version of the investigation is also connected with the criminal world. The victim was not only a politician and

a banker but also a publisher. He published a newspaper of a patriotic orientation, "Who Is Who," whose editor in chief was well-known literary figure Stanislav Rybas. In this year's seventh issue the newspaper published a list of 266 leaders of the criminal world, with names (mostly of Caucasian origin), nicknames, and a crime record of the crime bosses. Someone on this list may "hold a grudge" against the publisher, since these "authorities" have a tremendous dislike for having their "lay" name linked with their criminal world nicknames. Actually, in the militia's opinion, this list is incomplete and imprecise, besides which it had already been published in a self-published brochure (which, on the other hand, may not have been known to the crime bosses). So it would have been more logical to settle the score not with Aizderdzis but with the editor, who, according to MDK-Bank staff, had not coordinated this publication with Aizderdzis.

Conflict With Partner

The day after the murder Anatoliy Kuznetsov, the founder of MDK and former chairman of the board of MDK-Bank, was summoned to the Khimki UVD [Internal Affairs Administration]. As Mr. Kuznetsov told the KOMMERSANT correspondent, he and Aizderdzis had been friends and partners but parted ways in 1992. Now Kuznetsov calls his former partner a "pathologically dishonest man," whose traits included "aggressiveness, looking for enemies, and creating an environment loyal to him personally." Kuznetsov, however, has his own corporation now, and, in his own words, long ago dropped all financial claims against Aizderdzis. Kuznetsov believes that the cause of the tragedy were the "new commercial wheeling-dealings" of his former friend.

"Commercial" Versions of the Murder

According to MDK General Director Ponomarev, the deceased lately was not engaged in commerce altogether. Investigators have their doubts about this. Among others, a version is being checked out that the banker was done in by a debtor pushed into a corner by persistent demands for payment. And, according to MDK-Bank's management, there are quite a few people who owe it money (more than R500 million in unrepaid loans). Neither does the investigation preclude the possibility that one of the companies that had been part of MDK itself got into debt. A company mentioned in particular in this connection is Telecon, which is part of the corporation and which had promised for half a year already to repay R0.5 billion to the Roskontrakt company.

The investigators are also checking whether Aizderdzis' demise is linked in any way with the murder of entrepreneur Tayvo Laos. On 18 April 1994 the latter was stabbed five times with a knife by unknown assailants in the Ukraine hotel. According to unofficial data, Mr. Laos worked in an Estonian law firm and in addition did some trading in nonferrous metals (exporting them from Russia to the Baltics). It is possible that Aizderdzis and Laos knew one another, since the MDK also engaged in metal trading—only ferrous and only inside Russia, however, according to Mr. Ponomarev.

Yesterday operatives received information that five pump-action Winchester rifles (the type of a weapon used by the

murderer) had been brought in from abroad by a friend of the victim. Aizderdzis gave four of them as a gift to partners and friends (including the aforementioned Aleksey Ponomarev, Aleksandr Gayderov, and Anatoliy Kuznetsov), and kept one for himself. The investigation is trying to find out where the fifth rifle is and whether it was the one used by the criminal to kill the deputy.

[begin box]

Andrey Daynisovich Aizderdzis, born 1958. Graduated from vocational high school. Lived in a small three-room apartment in the town of Khimki in suburban Moscow. Married, with a son and a daughter. Before starting the International Business Corporation worked as a construction site supervisor. By his own admission, he had been "drinking heavily" for a long time, but even before going into commerce had "changed," and stopped using alcohol altogether.

Held the position of chairman of the board of MDK-Bank and MDK chairman of the board, but stepped down after being elected to the State Duma. He did not resign, however, as MDK founder, and also remained chairman of the board of the Foundation for Mutual Aid and Support of the Population. Through this foundation MDK-Bank financed the city newspaper VPERED.

He did not carry a weapon. During the election campaign Mr. Aizderdzis was accompanied by members of the MDK security service; after the elections he refused to have bodyguards. According to his brother Aleksandr, there had been no threats against the deputy. [end box]

Gangland Murders Investigated

944F0690C Moscow *PODMOSKOVYE* in Russian
No 15, 16 Apr 94 p 7

[Article by Nikolay Modestov: "Who Is Next? Today Even Recognized Criminal World Authorities Are Not Immune From Criminal Lawlessness"]

[Text]

The "Queen of England" of the Caucasus Mafia

The first victim arrived in the admissions room of the Balashikha TsRB [central rayon hospital] at 0940. Surgeons diagnosed the condition without hesitation: bullet wound to the right thigh. The wounded man—30-year-old Chechen Osmayev—reported that he had been shot on Razina Street near the office of the Rosinter company. At 1010 local resident Marina B. was brought to the same hospital with a bullet wound to a buttock.

A group of operatives that went to the site of the incident barely got there in time. In the Volga sedan speeding out of the city they detained a Rosinter company administrator and two local residents without any particular employment. Under the car seat the detectives from the ninth department of the oblast GUVd [City Administration of Internal Affairs] Regional Organized Crime Administration [RUOP] discovered a TT handgun and a couple of loaded magazines (with three and seven cartridges). It soon became clear why the magazines were not full. In the trunk of the car was the body of mortally wounded 30-year-old

Deryabin, a resident of Zheleznodorozhnyy, also not employed. He died an hour later without regaining consciousness in the intensive care unit of the Balashikha TsRB from a bullet wound to the eye.

The operatives encountered the main "surprise" later, however. In the course of a ground search near the woods behind Novaya village they discovered another corpse. The body of a young man dressed in a well-made denim suit had been dumped in a roadside ditch and covered with snow. The experienced detectives realized that they were not dealing with an ordinary "score-settling." They recognized the man, killed by a shot through the back of his head, as 38-year-old Daudov—a well-known "crime boss" nicknamed Sultan...

In the complex and constantly changing table of ranks of the criminal world, Sultan had long held a special place. Suffice it to say that he had been the only "crime boss" among the Chechens. As is known, this ethnic group does not recognize the traditions of "bosses" commonly followed in the criminal world. Chechens remain faithful to their tribal ties and treat clan elders with respect. Even the so-called "kitty"—a "thieves'" treasury which exists mainly to support authorities and "bosses," delivering parcels of "gravy" to investigative detention facilities and labor camps, is made up of foreign currency—not "wooden" rubles—"contributions" among Chechens. Because of these circumstances, Sultan was considered a stranger among their own both among Chechens and among Russians.

Sultan had four convictions. The first—a three-year prison term—he got in his native Grozny back in 1972. All in all he had accumulated 14 years behind barbed wire... He did time in the zone in Saratov, Bryansk, Tula, Voronezh, Rostov, and Moscow Oblasts. As operatives who had known him tell it, Sultan was not a simpleton. An offspring of a prominent Chechen family (according to some data his father had worked as a party functionary in Chechnya), he had his own view of many things, and intellectually was far above most criminals around him. Sultan liked to philosophize, gladly proffered advice (and not bad at that, from what we heard), and was moderate in his use of alcohol. He did have a weakness—grass; he could not stay off it. However, even in prison Sultan kept up appearances—was cleanly shaven, neat, and calm.

He left his family, was "crowned" in prison by Georgian "bosses," and since then became something like the "Queen of England" among Chechens. They recognized his authority, but did not consider him "kin." Perhaps these circumstances eventually led to Sultan's demise.

Are "Thieves" Brothers?

That morning Sultan, accompanied by his bodyguard Deryabin, was leaving for Crimea for a meeting with a local authority nicknamed Shoe. When their Jeep was on its way to the airport, Sultan suddenly suggested that they stop briefly at Rosinter on business.

Deryabin was the first to walk into the office. Sultan lingered for a moment—he was showing something to driver Osmayev on the car's dashboard. Subsequent events

are still to be reconstructed in detail. (For quite understandable reasons, witnesses to the murder prefer to keep their mouths shut.) It is obvious, however, that Sultan and his "cover" were dealt with professionally, calmly, and cruelly. The operatives also believe that the victim had a large amount of money from the "kitty" on him. The money has not yet been found. Oblast RUOP detectives also know the names of the murderers. What is not entirely clear is the motive for the murder—who is behind the shooting in the Rosinter office?

One of the versions is revenge for Balashikha authority Frol, killed on the last day of last year (PODMOSKOVYE No. 9 devoted an article "Epitaph for a 'Godfather'" to this event). Frol had a long-running feud with the "Chechen community"—he was one of the leaders of the "Slavic wing" of the domestic mafia. He was threatened many times, and the confrontation, which by some estimates had been going on since 1988, in 1993 spilled out into a series of score-settling altercations between Frol's shock troopers and the Caucasians. On 18 August, for instance, Frol's villa was fired at by a grenade launcher. The victim decided not to report the incident to the militia. "Maybe gasoline canisters exploded in the garage," he told detectives. Frol's response was much more "tangible." Soon a series of explosions rolled through Chechen—"protected" sales outlets in Balashikha Rayon.

Sultan lived in Balashikha and of course knew Frol well. Frol even contributed money to the "kitty." So far there are no grounds, however, to contend that he was the person who gave the "green light" to Frol's killing. Neither can one say with certainty that Frol's group had something to do with Sultan's death. There are other versions as well.

Frol was not the only one to take a stand against the Chechens' preponderance in the capital city metropolitan area. According to operatives, "bosses" do not like the Chechens, considering them people who do not live by the law of the criminals. The Chechens constantly clash with "bosses" and invade the territory of others, which results in armed clashes and score-settling. This also explains the attitude of the "bosses'" lobby to the Chechen authorities. "Crime bosses" do not want Chechens to have a voice at "conferences." In this respect, Sultan's behavior was indicative in that he had tried twice to promote Mairbek, a Chechen, to "thief" status. The attempts failed twice... The late Globe [Globus] was also unhappy with Sultan. The famous "boss" said more than once that Sultan was "flaky," that is, gave the "boss" title to young criminals who had not earned this "high honor." Interestingly, a young leader nicknamed Pushkin (he controlled Podolsk and Serpukhov), who had been "crowned" by Sultan last year, was "quietly" shot dead by an unknown assailant. For a real authoritative "boss" this is impermissible. The death of any of them is an extraordinary event, which is discussed at a "conference," with appropriate "organizational conclusions."

Sultan's relations with the late "boss" Barberry [Kalina] were no less strained. Barberry's derogatory remarks about the Chechens (behind his back he called Sultan an ape and a Czech) compelled Sultan to threaten to kill him. So Barberry, having figured out that he was playing with fire, went to Serpukhov, where Sultan was sitting in the SIZO

[preliminary investigative detention facility], and apologized to the "comrade" for "accidentally dropped words." In the Serpukhov SIZO, on the other hand, the attitude toward the Chechen was that of utmost respect. Two local "bosses" treated Sultan with attention appropriate to his rank. This is understandable—no "boss" will insult another one in his face. As is known, "bosses" are brothers.

Going to Crimea—Taken to Chechnya

After Sultan's murder, an assassination attempt was made against his good friend, a Lyubertsy authority nicknamed Avil. The latter was nearly shot to death in Solntsevo by an unknown criminal. The killer fired several shots from a Makarov handgun when Avil left his apartment to walk his dog. He did not die, but ended up in a very serious condition in a hospital.

The operatives remember an incident that happened back in 1989 at the Old Castle restaurant. It all started with some Caucasians occupying a table next to the one where Sultan and Avil were sitting began to get rowdy. Sultan walked over to them, introduced himself, and asked them to tone it down. The mountain people, high from all the wine they had drunk, told the "boss" to get lost. Naturally, a fight ensued in which the "boss" ended up with broken ribs and a cracked skull. The next day Avil came to the Old Castle, shot the bartender dead with a sawn-off shotgun, and mortally wounded one of Sultan's offenders with a sharpened screwdriver...

Does this story offer an explanation of the demise of the Chechen "boss"? I think this version does not hold water even by a long stretch of imagination. Neither does another one frequently discussed by journalists. They talk about the so-called supersecret "White Arrow" team allegedly created on the personal orders of the Russian MVD [Ministry of Internal Affairs] leadership for secret suppression of criminal "authorities." Those who have gained a knowledge of the criminal world mores from operational work experience rather than from newspaper articles do not take this tale seriously. It is obvious that the "White Arrow" myth is being spread precisely by those bandits who want to write off the blood and murder of their own confederates to the militia. The causal connection here is much more simple and material. Behind the death of every "boss" is enormous money, influence, and a complex disposition of forces in the criminal world and the criminal economy. So why did Sultan, who was heading for the warm sea of Crimea, end up traveling in a casket to his native Chechnya?

Operatives think it possible that the cause of Sultan's demise may lie in his sharing a neighborhood with Zakhar, also a "boss" who lives in Balashikha. The latter is known as an authority who sticks to strict labor camp traditions. He never concealed his Slavic orientation and claim to leadership in his territory. According to detectives, Zakhar cannot stand the Chechens. He knows the "law" very well, but he knows equally well the golden rule: As a rule, the fight is won by whoever strikes first and strikes hard. And, as they say, the winners are not judged...

Was a "shoot" set up for Sultan in the office? And if it was, by whom and why? In keeping with tradition, only an equal—that is, another "boss"—can make an appointment

for a "boss." Actually, the hidden springs of this incident are still not known. But the operatives, while not dismissing the possibility of Zakhar's involvement in the bloody "score-settling," know perfectly well that he himself did not kill Sultan. It is just that any lead deserves attention and discussion.

...Over the last half-year alone dozens of criminal world authorities have been killed in the Moscow region; well-known crime bosses have fallen victim to shootouts and contract murders. It is an unprecedented situation; not a single one among experienced detectives can recall anything like this. These days a bullet fired by a small-time criminal, who has barely staked his place among his kind, may take the life of a criminal world "patriarch," a single word from whom in the past could change the situation in entire oblasts of Russia.

The "thieves" Globe, Pipiya, Pushkin, and Arsen have been killed. Givi Scarface disappeared without a trace. Georgian "boss" Roin also faded into the night while driving home from a casino. Sultan has been shot dead... And an uncountable number of less prominent personalities. Bobon was torn apart by a submachine gun burst; Little Falcon [Sokolenok] shot dead in front of his apartment; Mikota died of a gunshot wound to the head in a cafe in Kolomenskoye; in Lyubertsy, Hare [Zayats] died at the door of his own home; Kruglov, nicknamed Beard [Boroda], was found in Yauza river with a garrote around his neck. There is a virtual hunt for the "boss" nicknamed Signature [Rospis], who is considered the most active fighter against the Caucasian preponderance in the capital city region.

Signature has been hit by a sniper bullet twice. The first time he was saved by a bullet-proof vest; the second—by his bodyguard Sharapov, who was killed on the spot. Signature did not escape unharmed, though. The same bullet that killed Sharapov hit the "boss" in the liver and tore through his kidney. It was a miracle that he lived; he flew to the United States, had surgery there, returned, and came under fire again. When he left his home accompanied by his bodyguard Shaykhullin and headed for his Volga car, unknown perpetrators blew up a car parked nearby. The charge was so powerful that all the windows in the building—from the first to the 10th floor—were shattered. This is not the worst, however. Innocent bystanders were hurt—two girls playing in the courtyard, and two passers-by. The bodyguard was also killed on the spot. Signature survived and was taken to hospital in a critical condition. Doctors list his condition as satisfactory. Quite possibly, Signature will soon get back into business again. A reasonable question, through: For how long? And another one: What will the killers come up with this time to find a more reliable way to eliminate the adversary? Perhaps blow up an overpass as Signature's car travels on it? Or will they blow up an entire rayon when the authority holds an appointed meeting? Operatives believe, however, that Signature may feel it is prudent to leave again for the United States...

Lawlessness [bespredel]. This slang word, which means mocking even the norms of "morality" commonly accepted in the criminal world, is increasingly often defining our current life. First we registered a rise in crime,

then we had to admit that it had practically got out of control. And finally we agreed that crime itself has undergone a qualitative change. Now lawlessness has become the norm rather than the exception, and fighting gangsters who have long lost the notion of propriety is not just difficult—it is nearly impossible.

"Our laws, the criminal and criminal process codes, normative acts, and other juridical mechanisms were created with a civilized society in mind," is the opinion of Aleksandr Kartashev, chief of the Moscow Oblast GUV D Regional Organized Crime Department. "They do not meet the requirements of the current situation, cannot protect to a full extent society and its citizens. People get shot, blown up, and stabbed to death in broad daylight. Brainless, stupid retards pull the trigger without a second thought. The situation is increasingly often characterized as extraordinary. What do we have to counter this lawlessness? Almost nothing except the courage and enthusiasm of our staff. Hiding behind the letter of the law, leaders and authorities find loopholes in the criminal code with the help of high-powered lawyers and escape punishment. In order to realistically grab a gang organizer, we need a law on criminal activities, a law on protection of witnesses, and a law on organized crime. It is necessary to toughen the penalties for illegal possession of weapons and ammunition. We should think through how to punish the mercenaries who are coming here from "hot spots" and are ready to commit any crime. Until these issues are resolved, we can hardly expect results commensurate with the militia's efforts in its struggle against runaway crime.

Executive Seen Obstructing Corruption Law

PM1805145194 Moscow SOVETSKAYA ROSSIYA
in Russian 17 May 94 p 4

[Article by V. Ilyukhin, Chairman of the State Duma Security Committee: "Half Their Ill-Gotten Gains as a Bribe: There Are Some People Who Do Not Like the Anticorruption Laws"]

[Text] On 13 May 1994 the State Duma adopted on first reading the draft laws "On Combating Corruption" and "On Amendments and Additions to the RSFSR Criminal Code and the RSFSR Criminal Procedure Code." The drafts were submitted by deputies S. Boskholov, V. Kolmakov, and V. Kosykh, members of the State Duma Security Committee, and the author of these lines.

Clearly not everyone knows that in 1993 the bullet-riddled Russian Federation Supreme Soviet adopted the law "On Combating Corruption" but President B. Yeltsin refused to sign it, even though such a law had long been needed.

The changes that have taken place in the social and state system inevitably caused drastic changes in the character of crime and the forms in which it is manifested. Crime today is more organized and ruthless, better armed and larger in scale, more professional and transnational. We still have not fully realized or calculated the colossal harm that has been and is being caused to ordinary workers and the intelligentsia through the replacement of collective forms of labor and social ownership by predatory private ownership, egoism, and self-seeking.

In Russia today at least 3 million citizens a year are victims of criminal acts. According to Russian Federation MVD [Ministry of Internal Affairs] statistics, there are more than 150 major criminal communities operating on the country's territory. There are over 35,000 economic sites within their sphere of influence. By virtue of its destructive consequences and the massive loss of human life incurred, crime has become a Russian national disaster.

Crime has become politicized and seeks to seize the leading positions in the echelons of power. Criminal groupings now exert direct influence on the adoption of administrative decisions not only at rayon, city, and oblast level but at republic level, too. They try to influence the legislative process. And their ringleaders and ideological inspirers view the path to power as the path to self-preservation. All spheres of the shadow economy—drug trafficking, smuggling, prostitution, and gambling dens—are under the complete control of organized crime. It has managed to take control of industrial production, diamond and gold extraction, the oil industry, and the credit and finance system.

According to Russian Academy of Sciences Analysis Center estimates, 55 percent of the capital and 80 percent of the voting shares in Russia are in the hands of criminal or foreign capital. This is happening not without the assistance of the Russian Federation State Committee for the Management of State Property, headed by Vice Premier A. Chubays.

The increase in income from crime has spawned the large-scale expansion of corruption in the state apparatus from the bottom upward, and especially in the upper echelons of power. I would probably not be wrong if I said that Russia today has the most corrupt executive it has ever had in its entire history. And whereas in the eighties crooks spent up to 35 percent of their ill-gotten gains on bribing officials, now they spend 50 percent or more for the purpose.

Corruption has affected the state structures, the credit and finance system, and business like a blight. It has become a dangerous brake on the transformations in the country, is nullifying the effectiveness and significance of all state programs, and it has jeopardized the country's national security, constitutional rights, and civil liberties.

In 1993 more than 52,000 corruption-related crimes were exposed. Of those people prosecuted for such actions, 42.7 percent were ministry, committee, or local power structure personnel, 25.8 percent were law enforcement agency employees, 11.3 percent were employed in the credit and finance system, 2.2 percent were deputies, and 3.8 percent were monitoring agency staff. In the banking system 4,300 crimes were exposed—mainly instances of theft, bribery, and abuse of position. The area which suffered most from lawbreaking was the privatization process, implemented under the control of and with the participation of the State Committee for the Management of State Property. Last year alone the Prosecutor's Office challenged over 2,200 unlawful privatization documents, registered more than 2,500 complaints about violations that had been exposed,

and filed 677 law suits. Around 1,000 officials had disciplinary, administrative, and material proceedings instituted against them. So there is no point in Mr Chubays' railing against just criticism of his activity. He is personally to blame for the destructive character of privatization, which is disastrous for Russia.

Much is being written and said about the pernicious effects of corruption today, first and foremost by B. Yeltsin and the Russian Government. However, no radical measures have yet been taken to nip it in the bud. The presidential structures include an enormous legal administration. You might think that this administration ought to prepare draft legislative acts aimed at preventing corruption. But no. The drafts were prepared by deputies and a group of academics and law enforcement agency practical personnel who are fanatically devoted to their cause and who feel deeply for Russia's destiny. The funding of the state's anticrime program for 1994-1995 is now being cut to the bone by that same government. Thus it is saying one thing but doing something completely different. That is why, despite the massive scale of the bribery of officials, the number of people convicted of bribe-taking last year was around 700, as against 1986 when 3,450 people were convicted of these offenses.

As you can see, there is an enormous discrepancy here. But that is not the only point. Even the draft laws that we do propose are torpedoed. Most often they are rejected within the presidential and government structures as well as by deputies from or connected with ministries.

During the vote on first reading the anticorruption laws were opposed by the Russia's Choice faction and, specifically, by its leaders Ye. Gaydar, G. Burbulis, M. Mityukov, G. Yakunin, and E. Panfilova. Clearly this is no coincidence either. For many people corruption has become a major source of personal wealth and an effective means of bringing down the country.

As for the official arguments cited by the opponents of the draft laws that were presented, they essentially constitute a long list of unsubstantiated accusations. I shall dwell on just a few of them. Our opponents claim that the drafts are imperfect. Of course they have shortcomings. But the draft laws were only given a first reading. That should be followed by the second and third readings, which enable the imperfections to be remedied.

It was suggested to us that amendments be made to the existing Criminal Code. But it is out of date, and work is now underway on a new code of criminal legislation.

A large group of deputies and eminent academic lawyers well known both at home and abroad spent a long time working on the draft laws. They have been compiled on the basis of an in-depth study of Russian life and legal practice. When they were being elaborated account was taken of foreign experience in combating corruption, of the law in the United States, the FRG, Italy, and other countries, and the opinion of foreign experts.

Particular attention was paid to the materials of the Eighth UN Crime Prevention Congress held in Havana in August-September 1990. The congress firmly advised all countries

of the world community to prepare a strategy for fighting corruption as a priority area in the economic and social development of society.

In our opinion, if the drafts that we proposed to the State Duma are adopted as laws they will constitute a major barrier and effective antidote to the pernicious influence of corruption.

They apply not only to state employees but also to employees of the local organs of self-government and the armed forces, judges, deputies and their aides, people's assessors, and jurors, as well as to employees of banks and other credit and finance institutions and transport and communications establishments and their enterprises, regardless of the form of ownership.

It is proposed that once the drafts are legally enacted they will apply throughout Russian territory. According to these drafts persons seeking to perform state functions freely undertake an obligation not to allow their status to be used for unofficial personal or group purposes.

Control measures of a disciplinary, financial, and criminal law nature are envisaged. State employees and their equivalent will be required to submit an annual declaration of their income and declare all bank accounts, including those held abroad, as well as property outside Russia together with the full address.

State employees are forbidden to hold more than one post or to take part in the activity of commercial joint-stock companies. The draft laws offer a reliable protection against extortion, cash handouts, and dubious gifts concealing graft.

It should be noted that under the draft law on combating corruption not only by physical persons but also by legal persons, organizations, and commercial structures can be penalized for trying to bribe officials or furnish them with other material advantages.

GAI Official on Vehicle Theft, Registration Changes

944E0813A Moscow TRUD in Russian 14 May 94
Saturday Edition p 2

[Interview with N. Borodin, chief of the Department of GU GAI MVD RF, by Yuriy Ursov: "A Barrier to Vehicle Thieves: Innovations of Russian GAI Should Be Raised Against Them"]

[Text] Russian reforms have affected even the extremely conservative sphere of organizing and regulating highway traffic, including the procedure for registering and arranging for registration of motor vehicle transport. N. Borodin, chief of the Department of the GU GAI MVD RF [Russian Federation State Motor Vehicle Inspectorate Main Administration of the Ministry of Internal Affairs], tells us about some of the innovations developed by Gosavtoinspektsiya [State Motor Vehicle Inspectorate].

[Ursov] Nikolay Georgiyevich, the stealing of personal and state motor vehicle transport has recently taken on a

simply menacing scale. In the opinion of some specialists, in Moscow alone, more vehicles are stolen every day than are purchased....

[Borodin] The deep-seated reasons for this form of crime becoming such a widescale practice in recent years should be sought, in my opinion, in the general criminalization of Russian life. In actual fact, a car worth several million rubles (if not tens of millions) is parked on the street. Moreover, these millions are mobile, they are on wheels. One doesn't have to force the doors or, worse still, resort to armed robbery. It is enough, having studied the alarm system and the routes and habits of the owner, just to drive the car off to a secluded spot—you are a millionaire. Such an easy path to criminal enrichment, of course, attracts many people, especially since the law interprets this form of crime in a vague, ambiguous way: was the car stolen with further unlawful intent, or was it "taken to go for a drive." The punishment is therefore not comparable with the material damage incurred by the owner. Moreover, the criminals often use juveniles, to whom criminal responsibility, even mild responsibility, does not apply. How many people have repeatedly spoken of the need to make the punishment tougher, to eliminate ambiguity in the interpretation of vehicle theft, but... the situation remains the same.

Nevertheless, GAI is making maximum use of the existing legal possibilities in order to limit the field of action for the criminal elements. In the first place, of course, our associates are organizing searches and checks "for hot clues." We are making raids on garages and parking lots. Incidentally, through this last measure, dozens of cars figuring in the search were discovered in Moscow. There is another aspect of this work, though. Stealing the vehicle is just half of the job. It still has to be legalized, that is, provided with the appropriate documents....

[Ursov] Judging by the fact that, for example, the stolen vehicles regularly "surface" at certain motor vehicle auctions, in vehicle showrooms, etc., does this make the criminals successful?

[Borodin] Let us put it this way: they used to be successful. I think that it will now be much more difficult to pull off schemes like this. The reason for this is the new procedure for legalizing and registering cars, which prevents the manufacturing of fake documents. Every domestic motor vehicle now receives a technical certificate at the manufacturing plant, on which data concerning a change in owner in the course of the operating period are entered. The owner keeps this certificate at home or at his establishment, and the driver must carry on him evidence of registration, which certifies his right to drive the vehicle. In this way we can trace the entire buying-selling chain of a certain specific car, detecting any suspicious gaps. Unfortunately, the State Customs Committee is not so far trying to introduce documents of this sort for imported cars.

The operations procedure at many of the commercial structures trading in motor vehicles has also changed. Now they must have a license, issued by the local organs of authority with all the ensuing consequences, in particular, responsibility for the authenticity of the registration documents, for the sale of cars figuring in the search, etc. New

forms of certificate-records have been introduced, and have become documents for strict accounting. In Moscow and a few other areas, we are starting to counter sink the vehicle markings, so that if there is an attempt to register a vehicle with battered numbers, this is easily detected. It must be said that such measures have already begun to show results: the percentage of thefts exposed has begun to grow slowly. This work would be more effective if the activity of numerous private notaries were monitored more strictly. After all, it is much easier to make a fake document for a vehicle than, let us say, a fake technical certificate.

The ideal thing—and this has been a question for several years—GAI intends to make the transition to full computerization, as happened, for example, in Krasnodar Kray. There, the staff members of the State Motor Vehicle Inspectorate are equipped with portable computers, and if necessary, can get a direct line to a centralized data bank which instantly provides full information on both a vehicle and on the violations of its driver.

[Ursov] One has recently begun to come across vehicles on the streets, not only with the new type of state numbers, but also with a few unusual number designations in yellow and red....

[Borodin] The white numbers of the new type for domestic vehicles, I remind you, are unified to conform with the requirements for international standards. There is no division into private and state vehicles, and one can travel to all foreign countries with these numbers. As for the yellow and red numbers, they belong to special categories of vehicle owners. At one time we used, for foreign citizens—not diplomats—different number series: one for journalists, another for trade representatives, etc. Now all these categories, including non-citizens, joint ventures, etc., receive yellow numbers. Diplomats and persons on equal footing with them use the red numbers.

[Ursov] I have often noticed: using a red and blue special signal light, some "Mercedes" with personal numbers "cuts through" the traffic, but the person behind the wheel bears little resemblance to a state official or operations worker.

[Borodin] Yes, there are such cases. In order to look prestigious, businessmen install special flashing lights, since it is easy to get them right now. This is illegal, and we are putting a stop to such cases. An edict of the Russian President determined the group of those enjoying the use of special signal lights. These are higher officials, and also some ministries and departments which, because of their type of activity, need special signal lights. For example, the Ministry for Emergency Situations, bank collection and delivery and public health department vehicles and, of course, fire department vehicles, ambulances....

Moreover, special signal lights may now be only blue, and are mounted in strictly defined spots on the roof of the vehicle. A procedure has been determined for special colors for the vehicles. For the police it is blue and white, for fire vehicles—red, for bank collection vehicles—sand-colored, etc. I will note that the new procedure for placing special signal lights and special coloring has considerably narrowed the group of people having this right.

Remember, it used to be that special signal lights were practically granted to a kolkhoz chairman. All this is now taken under strict consideration and monitored.

[Ursov] And in conclusion, a question which is worrying a great many potential motor vehicle owners. By this I mean the new Draconian duties on the import of motor vehicles.

[Borodin] I personally do not understand the logic of the people who drew up this document. I will not go into details, but this is the way Russia is becoming a place where they "dump" all sorts of, pardon the term, trash, which satisfies neither ecological nor technical norms. This means—new emergencies, nature pollution, and so on. All civilized countries, though, behave in a different way: the older the vehicle that you drive, the more tax you pay. Or are we so rich that we pay for battered vehicles in currency, which was originally gained from the sale of top-value oil, gas, timber and other irreplaceable resources?

Motor Transport Company President Interviewed

944E0804A Moscow AVTOMOBILNYY TRANSPORT
in Russian No 1-2, Jan-Feb 94 pp 2-4

[Interview with V. Medvedev, president of Rosavtotrans, by M. Yevsyukov, deputy chief editor of AVTOMOBILNYY TRANSPORT; date and place not given: "Our Task is to Protect the Interests of the Founders (A conversation with the president of the Russian motor transport joint-stock company 'Rosavtotrans')"]

[Text] At the threshold of the new year the editorial staff of AVTOMOBILNYY TRANSPORT has applied to the president of the "Rosavtotrans" company, V. Medvedev, with a request to tell about its work and its prospects. We report his conversation with M. Yevsyukov, deputy chief editor.

[Yevsyukov] Vasily Dmitriyevich, there is now in principle no division whatever, at least officially, of motor transport into general-use and departmental transport, although the tasks and the work which general-use motor transport performed have remained. You won't get away from them under any privatization, setting-up of joint-stock companies, etc. By the way, all this was intended precisely to improve the work of motor transport in servicing the top priority needs of society. However, as yet all has not gone well with this.

The Russian motor transport joint-stock company "Rosavtotrans" has now been created and is in operation. Please tell us about its work, functions, and tasks.

[Medvedev] Let's begin with the fact that "Rosavtotrans" has been created on a strictly voluntary basis. It doesn't perform any state functions and commissions whatsoever. Territorial joint-stock companies, which basically all general-use motor transport enterprises have become members of, have created it. The tasks and functions of the company are defined by its charter. What functions would I call the most important?

At the present stage the most important function, in my opinion, is to protect the interests of the possessors of general-use motor transport in the structures of state power. This is against the ministries of transportation,

finance, economics, and defense (many of our enterprises are rather firmly connected with that ministry) and with other state power structures where general-use motor transport has interests.

The next basic functions are the questions of the material-technical support of our enterprises and the coordination of their work. This is the basic group of questions on which our company must work.

We don't have at our disposal any official powers whatsoever with respect to the territorial associations and enterprises that are the founding members. We perform only that volume of work and only those functions which the founders have entrusted to us. That is, both planning and the work itself goes from the bottom to the top.

What now are the main problems today and what are the ways of resolving them? One of the main problems is the presently inadequately developed system for the realization through our company of the interests of the founders in the state power structures. Old approaches frequently prevail in these structures, including the Russian Federation Ministry of Transportation. They think there that their decisions are, as it is said, final and irrevocable and all these decisions must be unhesitatingly implemented in the localities.

[Yevsyukov] And what, this is wrong? In my opinion that's the way it should be. All decisions should be implemented; only then will there be order.

[Medvedev] All that is true, but I don't want to talk about that. You see the whole point is how these normative documents and legislative acts are to be prepared. As I have already said, our company has not been endowed with any official functions relative to motor transport structures in the localities but must protect their interests. But how is this to be done? Primarily through tracking, monitoring, and participation in the development of all normative documents. However, we all have come out of a single power structure—the Russian Ministry of Motor Vehicle Transport. In its time it was entrusted with both official functions and protection of the interests of the enterprises. We're all from there: both the workers of the Ministry of Transportation, the Department of Motor Vehicle Transport, and our company. That is why there remains a psychological inertia among executives and a command style of work survives. Of course they ought to constantly bring us in and we should find the time and the opportunities to participate in the development of all normative documents. However, it doesn't always turn out that way. Frequently the workers of the Department and the Ministry of Transportation think that they know everything without us. This applies to document elaborations, the distribution of budget resources, and other questions. And we, probably, don't announce ourselves loudly and persistently enough. But nevertheless a reciprocal "rubbing" takes place. I think that not much time will be needed for mutual recognition and mutual understanding to be established. Otherwise neither the ministry nor we will be able to operate.

The second main direction of our activity, as I have already said, is the work regarding the material-technical support of the company's enterprises. One cannot assume

that each of the company's 2,200 enterprises will be able to completely resolve independently all the questions of material-technical support. Today already about 60 percent of these enterprises have been privatized and the remainder are in the stage of becoming joint-stock companies. Delays are occurring because there are complications with the privatization of the numbered vehicle convoys.

[Yevsyukov] Incidentally, about the privatization of these convoys. Has the Russian Government's decree on this question finally been issued?

[Medvedev] As yet there is no such decree. Its draft has long since been prepared by the Ministry of Transportation with the direct participation of the "Rosavtotrans" company and been endorsed by the Ministry of Defense. However, it hasn't been signed as yet.

[Yevsyukov] But the fact is that there already was a decision of the State Committee on the Administration of State Property regarding this question, where everything was specified already. Only a decision of the government was needed. Why is it being obstructed?

[Medvedev] Both the interests of the state and of our vehicle convoys should be provided for in the government's decree. But the decision of the Russian Federation State Committee on the Administration of State Property is one-sided. Only what the vehicle convoy should do and how it should answer to the state for the performance of mobilization functions is stipulated there. But what the state should do to ensure the performance of these functions is not indicated there. And if it is not the system will not work. The fact is that today, given such extremely high prices and the size of interest rates on bank loans (210 percent and more), it is practically impossible to acquire the motor vehicles needed to perform mobilization functions.

That is why the state should stipulate its own obligations to the vehicle convoys in the decree. These are both preferential financing and tax abatements and a number of other questions which would contribute to ensuring the mobilization readiness of the vehicle convoys. So that the question of the privatization of numbered vehicle convoys is very difficult and it is precisely among that group in which the company must protect the interests of its founders in the state power structures.

However, let's return to material-technical support. Now it is being implemented on a fundamentally different basis. If before we shared what the government allotted us, now there is nothing to share. Go, come to an understanding with the producers and suppliers, and decide all these questions. Of course, it's difficult even to assume that every enterprise could send specialists to solve supply questions to hundreds of plants located in different points of the former USSR and especially abroad. Suppose, let's assume, one is to obtain buses at the Lvov plant or trucks in Belarus and deliver them to a location? These are already different states. Licenses to export motor vehicles and fuel and a great deal more of what is needed are required.

It is precisely these functions that the "Rosavtotrans" company will undertake. We conclude the appropriate contracts with our founders and with suppliers and perform this work.

[Yevsyukov] And the company, I mean its staff, has something to do with this?

[Medvedev] Questions about the upkeep of the company's executive staff are decided by its founders. In the case in question they have voted for the transfer to us of 2 percent for the KamAZ group of motor vehicles and 1.2 percent of the value of any other motor vehicles delivered. One must say that this money is not enough even to maintain the staff. In order to make ends meet we have to engage in other work which is not always connected with our founding members.

We do work on material-technical support not only in Russia and the CIS countries, but also, as they say now, with the countries of the far abroad. In particular, today we are resolving the question of acquiring second-hand motor buses of the Mercedes, MAN and Magirus firms which we can operate for three to six years. The cost of such motor buses and their service lives correspond with the lives and cost of our new motor buses.

[Yevsyukov] What number are we talking about?

[Medvedev] For now the number is in the tens. However, we intend already this year (1993) to acquire 300-400 of them and to bring the number up to 1000 in the beginning of 1994.

If we can implement these plans, we will deprive the Likino plant of the privileges it enjoys as the monopoly producer of urban motor buses in Russia. It constantly dictates its conditions to us which now and then are not well-founded and simply impracticable. By this we will force it to enter into a competitive struggle.

[Yevsyukov] But don't you regret it? You see, when there's no demand for Likino motor buses, the plant may go bust and western firms with their motor vehicles past their best will win the Russian market. Our automobile industry will find itself in a great state of neglect in the process and perhaps will, in general, be overwhelmed by the West.

[Medvedev] I simply don't see other ways of restraining the overchargings of this plant. No kind of diplomacy and logic helps. That is why we have come to such a decision. And what they will come to I don't know. Let them think themselves. The market is the market. In the end we are, you see, bound to transporting tens and hundreds of millions of passengers everyday and we cannot wait while our motor bus producers mature to an understanding of the necessity and extreme importance of performing this task. There is, it is true, hope in KamAZ, which has developed and approved a program for the production of urban motor buses, their output to begin in 1994 and the volume of production to be brought up to 10,000 in 1996-1997, which would supply our needs.

[Yevsyukov] Vasily Dmitriyevich, you have said that one of the main tasks of the company is the coordination of the activity of its participants, its founders. How is this to be done?

[Medvedev] First of all, I would like to say what is now to be understood under the term "coordination." This is not at all an instruction to someone to carry how much and when, to deliver how many motor vehicles, to whom, and

to where, etc. The most important thing now is to determine conditions on the transportation market.

Transport operations in the pure form now frequently become disadvantageous and unprofitable. The volumes of transport operations are shrinking rather sharply. What is a motor transport enterprise, which has motor vehicles, a production base, and, what is the main thing, people to do under these conditions? If it is to do nothing and to guess when transport operations will develop, then it can collapse completely. And meanwhile during the last two years the volume of transport operations has shrunk almost in half in connection with the reduction in the volumes of industrial production and construction. This means that one has to reorganize one's work.

We have for a long time already and at all levels talked about the need for a drastic increase in the volumes of transport and dispatching work. But until now these were basically appeals and declarations. This work was perceived as unnecessary trouble by the transport workers on the spot. There were cargoes, there were orders, and there was no point in engaging in such turbulent business as dispatching. Now life is developing so that if one is not closely and seriously engaged in transport dispatching, then the existence and survival of general-use motor transport will be under great question.

It needs to be said that this business is indeed profitable and promising. One needs simply to investigate it carefully as one should, comprehend, and, finally, to master oneself. One needs to change priorities. Of course, this is not so simple, but it must be done. And some, although so far not so many of them, are beginning to engage in this work in real earnest. It needs to be said that satisfactory results are being obtained. For example, in Sergiyev Posad the former Zagorsk vehicle convoy has built a small terminal and the enterprise has 17 percent of the total revenue from it. And only 15-17 persons (not counting the drivers of international hauls) of the more than 1,500 persons employed work at this terminal. Now the decrease in the volume of transport operations for this motor transport enterprise is not extreme. It is able to increase the volumes of transport and dispatching services and to live normally and develop.

That is why we are thinking of examining questions of the reorientation of the direction of the work of freight transport at the company's council of directors at the end of 1993. And generally speaking, one needs to anticipate by several steps the implementation of the policy and tactics of the work of the company's enterprises. Now, as I have already said, the volumes of transport operations are falling. What's the use if we only ascertain this? One needs to find, and quickly besides, ways out of the situation that has been created. We have a powerful production base. It must be utilized efficiently, precisely in those directions which are the most effective from the viewpoint of the organization of the transportation process and the survival of the motor transport enterprises.

Finally, I want to say that we, in any case very many, have retained a great deal of inertia both in thought and in actions. Because of that, under present conditions a great deal of work and significant efforts and expenditures of resources are to no purpose and futile and yield only losses.

On the other hand, inertia is manifested in inaction and the anticipation of edicts, recommendations and help from above. One needs to get free of this. One needs to understand once and for all that if we won't take care of ourselves, no one will do it. One can make a fuss, complain, and appeal to all levels of authority as much as one wants. But it will be the same as appeals to God. Pray as much as you want, but in order for there to be some results, one needs to use one's head, hands, and often even feet, by oneself. As the saying goes, "God is God, and you're not bad either."

Of course, the government will give us concrete assistance. It is even now giving it in the area of passenger transport operations. But such help, I think, will not be increased and will be reduced or transferred to local budgets in due course. That is why I emphasize again that all the structures of the "Rosavtotrans" company, especially the regional ones, need to foresee events and work with anticipation.

[Yevsyukov] But can the company implement large-scale regional or interregional projects? Is there some kind of centralized fund for this?

[Medvedev] We don't have any such funds at our disposal. Only the founders themselves can create such a fund. It could be at the disposal of the company, which the founders constantly monitor. But as yet we don't have such a fund. This, of course, does not mean that it is not needed; the financial resources needed for this simply don't exist. As it is said, who would give us credit and we, for now, aren't able to give credit to anybody. Today the financial status of our motor transport enterprises is such that they find money for wages and fuel with difficulty. However, such a fund is extremely necessary and, I think, the company will create it in due course. But we hope that the state also will not turn its back on our problems. We will try not to allow this.

It is very fashionable now to allude to foreign experience, to the achievement of a market economy. But I would like to emphasize that in all countries the comprehensive transport and dispatching servicing of the population and of enterprises is always under the control and protection of the state and the government. That is why terminal servicing systems are highly developed there. This enhances a country's economy as a whole, and reduces enormous losses of state resources for transportation costs in the national economy.

[Yevsyukov] Vasilii Dmitriyevich, you talked about the Zagorsk motor transport enterprise. Incidentally, we also wrote about it in our magazine (AVTOMOBILNYY TRANSPORT, No 2, 1993. "'SPAK' Goes Abroad"). Are there many such enterprises in the company?

[Medvedev] There has been some animation during the past two years but I regard this as no more than animation. There are individual enterprises where leaders with initiative have been engaged in this business, but no more than that.

[Yevsyukov] In short, these are individual episodes and not an overall trend?

[Medvedev] Yes, one can say that roughly. Of course, one cannot expect that in the very near future all enterprises may take such a path. However, in the European part of Russia, in the Far East, and even in the Urals (for example, Chelyabinsk) such work is proceeding rather actively. But in many oblasts as yet a "stirring-up," as they say, is going on.

[Yevsyukov] How do you see the prospects for the development of general-use motor transport in 1994?

[Medvedev] Unfortunately, I can say nothing about an increase in the volumes of freight hauls. Here, as I have already said, we need to earnestly reorient ourselves to transport dispatching so as not to lose our production potential and not to allow a reduction of the specialists and workers we employ.

Our other task is not to lose the ability to manage the sector (upravlyayemost otrasli). This is not only an important production factor but also a psychological one. When we talk about the ability to manage, then right away we recall collegiums, all kinds of meetings, conferences, aktivs, etc. However, the fact is that one should not consider the ability to manage only from the viewpoint of dressing-downs, reprimands, etc. Under present conditions the ability to manage is necessary in the interests of realizing the goals both of society as a whole and of the company and each of its founders. There is a host of such problems which cannot be resolved one by one. Take the gathering of the harvest. Society now incurs a great deal of losses and waste because of the poor ability to manage motor transport in these operations.

We intend to work on these questions in the coming year.

In the name of the workers of "Rosavtotrans" I would like to wish all motorists of Russia and all readers of the magazine a happy New Year and to wish them good health, success and personal happiness.

[Yevsyukov] Thank you, Vasilii Dmitriyevich. The editorial staff heartily joins you and on its part sends wishes for health and success to all workers of the "Rosavtotrans" company.

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Railway Material Supply Problems Highlighted

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[Interview with B. Ufimtsev, deputy chief of the South Urals Railroad, general director of Yuzhuralzheldorsnab, by A. Loginov, GUDOK special correspondent: "In a Ferment of Bartering"; Chelyabinsk-Moscow; date not given]

[Text] Today, when debts and mutual non-payments, amounting to millions and billions of rubles, have become not the best sign of the times, a reasonable question arises: just how, under these conditions, can one solve the problem of material-technical supply for transport as a whole and for its individual mainlines?

Our correspondent interviewed B. Ufimtsev, deputy chief of the South Urals Railroad, general director of Yuzhuralzheldorsnab, on this subject

[Loginov] Boris Petrovich, in giving a report on supply matters at the road's technical-economic council last year, judging by the notices in the railroad newspaper, you noted that difficulties are arising today, not in obtaining resources, but in obtaining the funds to acquire and pay for them.

[Ufimtsev] Well here, let us agree, I didn't say anything new. Many countries of the world, including the United States and Japan, are making wide use of barter deals and mutual debt clearing. Indeed, our country practiced this even earlier, in the days of centralized supply, except that this was done "at the top," whereas now, with the transition to the market, one has to do it oneself—on the scale of the roads, divisions and their subdivisions.

Remember, the union's MPS [Ministry of Railways] had a Material-Technical Supply Main Administration (GUMTO) with the chief of the main administration holding the rank of deputy minister. Later on, this structure ceased to exist (as did the intersectorial Gosnab [State Committee for Material and Technical Supply], etc.). As far back as 1990 they began to set up a marketing service. At that time I was appointed chief of this service and commercial director of the South Urals Railroad. True, in those days, the tasks were somewhat different: at that time there were not enough resources, and therefore they had to be "procured" through additional road services, leasing railcars, etc. In a word, this experience has come in handy today.

A necessary digression. On listening to the tape of the interview, in preparation for publication, I could not help remembering the economic postulates presented to us in our student years: commodity-money-commodity. The classic formula of "Das Kapital" by K. Marx, to which we have, it seems, been cyclicled today in our commodity-money bedlam. It is as if there is more and more money—our old wooden stuff and various currencies, but everywhere you hear about the shortage of cash, of "live" money for clearing accounts. For this reason (and other, attendant ones), a real muddle has arisen in the economy. Meanwhile, the author of "Das Kapital," in the section about the cost of circulation, says:

"1. One of the main items of circulation costs is the money itself, since it itself has a cost. Money is saved by means of credit in a three-fold way: A. For a considerable number of transactions, money is not necessary at all."

We will not dwell on the last two points in the A, B, C triad, although it would be useful for us, and for our economic reformers today to know about those points, which were well known over a century ago. Let us therefore return to the present problems, the solution of which has gone according to the Marxist "recommendation" that money is not needed for a considerable number of transactions between partners.

With the vanishing of the system of centralized allotment of funds, unfortunately, no full-valued commodity exchanges that would be capable of satisfying supply and demand have so far appeared, because of the disparity of prices and all possible commercial, tax and other jacked-up demands. Now the railroad workers, particularly their supply structures, have realized: they cannot survive on

their own under these conditions, they have to unite. I asked my collocutor about this.

[Ufimtsev] The South Urals became a member of the first eight-road association created on the network, which included the Sverdlovsk (initiator), Kemerovo, Moscow, Northern, Gorkiy, Kuybyshev and Volga mainlines. The regions that they serve produce many of the things that they need. Let us say, on the South Urals—metal, on the Kuybyshev—petroleum products, the Kemerovo—coal, etc. Last year our road, through barter operations alone, acquired 1.5 billion rubles' [R] worth of resources. Moreover, on the basis of contracts with other roads and with enterprises of our own region (and not it alone) and by reciprocal offset, we acquired R13.7 billion worth of resources. This naturally eased the financial situation of the road, whose debt to customers was reckoned in tens of billions of rubles. After all, you have to pay people wages—this should be done in banknotes.

[Loginov] But does it turn out that you also pay them with barter? For example, on the Orsk Division, I heard that they are "issued" in both motor units and refrigerators, produced locally. A friend of mine complained: her husband (true, he does not work in transport) had not received his wages for several months, but on the other hand, he regularly gets, as a partial offset for them... sausage. So it is possible, she says, for them to live.

"We have this sort of independent market, we have to dodge around in various ways," my collocutor smiled. Later on, after I visited the Orsk Division, I wondered how the barter wages were being accepted, and I heard that things were not all that bad. Let us say, that same motor unit and refrigerator cost the recipient of the "substitute wage" several thousand rubles less (!) than on the trade network, after the price is jacked up in various ways. The railroad workers, in obtaining goods for mutual offset and settlements (essentially at production cost), avoid the money "sticking to" the grasping hands of businessmen, and sell the goods cheaper.

I recently read, in the newspaper SELSKAYA ZHIZN, an item with the sensational heading, "Fertilizer from... a Locomotive." Its topic is the fact that many chemical enterprises in the region of the Gorkiy Railroad owe it a tidy sum for transport. The railroad workers, in settlement, began to take the debts in fertilizers, and, in order to have "live money," to sell them to the local kolkhozes, sovkhozes and joint-stock companies. In all, they concluded contracts for the supply of 90,000 tonnes of nitrogen fertilizers. These fertilizers cost the farmers 15-20 percent less.

The Nizhegorod Oblast administration contributed its bit to this transaction, when it allotted the peasants R3 billion from its budget to buy fertilizer, and another R1.5 billion to the Nizhegorodselkhozkhimiya Joint-Stock Company. This means that the railroad workers had no particular problem in selling the fertilizer. Not to mention the fact that they did not fail to transfer some of it to their own subsidiary farms.

In short, the market has begun to act according to its own particular laws. Zheldorsnab is no weaker because of this, but on the contrary—has become one of the leading

services on the railroads. It fulfills, on the one hand, its own basic function—supply, self-provision of resources for the road, without trusting in, as it used to, help and allotments from above (MPS, Gosstnab, etc.). On the other hand—it carries out clearing accounts and the sale of excess resources. Here there is simply an interweaving of supply (in the traditional meaning) and commerce.

I note: my chat with the general director of Yuzhuralzheldorsnab differed somewhat from an ordinary interview, and Boris Petrovich Ufimtsev differed from the class of directors who evade the dry presentation of facts and figures. This is just the result of what has been done, but how can more be achieved, how can tomorrow's result be predicted and planned (!) under the conditions of the market leaps? When industrial production and transport continue to drop, and prices to rise. When today's millions and billions are no match for tomorrow's. All the same, there is always a starting point—the beginning from which we can and must begin again.

Last year, he reflects, his service, as has already been noted, "obtained" resources amounting to a little over one-and-a-half dozen billion rubles. That's quite a good deal. The contents of the road's financial "purse" would not have made it possible (without barter) to allot such funds.

He well knows, though, that the mainline's needs are much greater. And they must be satisfied. The divisions and their subdivisions were given the assignment of weighing everything at the sites: the total sum of requests for resources in 1994 was about R78 billion. It is unrealistic to count on funds like this being found in the road's cashbox. It was therefore proposed to that same technical-economic council for the railroad that 60 percent of the material resources be acquired through barter with other railroads. Part of them would go for the needs of our railroad, and part for barter and sale....

This is the basis for planning—not up-in-the-air planning, but real planning, albeit with market "nuances".... "Last year," said B.P. Ufimtsev, "because of the shortage of rails, ties and other things, we could not cope with the plan for capital repair of the line. Now we must fill in the gaps. How? We have concluded a contract with the metallurgists of the Urals: they will pay for future transport with metal, and we will send R6 billion worth of it to Novokuznetsk, and we will get rails from there."

In this way, the railroad workers of the South Urals Railroad and their partners by association will appear in several hypostases: transporters, buyers—employers, consignees.... Naturally, since I am a journalist, a number of questions occurred to me.

[Loginov] Today the price of metal is one thing, tomorrow—it will leap....

[Ufimtsev] Six billion holds good as the starting price at the moment of concluding the deal, and indexing proceeds at the moment a certain batch of metal or other materials is shipped.

[Loginov] But the transport tariffs will also leap—won't they "eat up" the rails, ties, and the rest?

[Ufimtsev] You can't avoid this, the rise in tariffs is caused by the rise in prices for energy resources and for everything that transport needs. It cannot be otherwise. But what goes for the railroad's needs is supplied at favorable rates.

[Loginov] Another thing: the huge products list of supplies (about 40,000 item descriptions) and the price leaps—all this requires rapid, if not instantaneous reaction. How can you succeed in managing it, in handling it? After all, judging by what you have said, your staff is comparatively small.

[Ufimtsev] We have begun to form a system. By decision of the technical-economic council, the road's IVTs [computer information center] is gathering data on the goods being produced in the region. With this data bank in the computer memory (it can be lost in paper technology), special computer programs can be worked out which make it possible to obtain the necessary information quickly and to make corrections. This is not only on the scale of the South Urals Railroad administration and the road association administration, but also at the sites—on the divisions and subdivisions of the mainlines. Having created this computer information network, we can go to a new level of material-technical supply control.

[Loginov] Will this approach make it possible to get out of the present market chaos?

[Ufimtsev] No doubt about it. It is naive to suppose that the wild, uncontrolled market can put everything in its place by itself. The civilized market is—and I know how it is organized—a very strict economy, planned development and discipline in the mutual relations of the partners. These components will not permit the wild burst of non-payments which has reached catastrophic proportions in our country. There is no place for chaos, when 98 percent of the partners are working according to a contract system. This is the plan, clear-cut and mutually coordinated, and deviations from it are severely punished, according to the terms of the contract. Only two percent is so-called economic freedom. The rest is the study of supply and demand, and marketing. Everything is counted out and weighed on the scales of the economy. Not as it is in our country—on the off-chance, by grabbing, by prodding....

[Loginov] Boris Petrovich, before I talked to you, I heard a flattering reference to the fact that the railroad workers, apparently from your department, were organizing a trade fair of Chinese commodities in Chelyabinsk. Is this also part of the commercial work?

[Ufimtsev] This is somewhat different. Actually, in addition to supply, we are also engaging in foreign economic activity. We have a contract of intent, documents for the development of joint ventures, etc. In this case, however, the organized sale of Chinese goods, obtained in barter for our surplus, is the contribution of the Chelyabinsk Division of the road.

This is a topic for a separate conversation. We go out on the foreign market when we do not find anything that we have "at home." Or we find it, but—it is not as good.... For example, the special "Gudok" work clothing for engineers—jacket and trousers. We buy them at a plant in St. Petersburg. But the Chinese suggested that they make a

consignment of this clothing: with natural fur (we use synthetic), made more accurately, and for a cheaper price. The engineers prefer the Chinese "Gudok"—a market is a market.

[Loginov] As far as I know, we are stumbling on the market in our relations with our near abroad, particularly with Kazakhstan.

[Ufimtsev] Paradoxical as it may seem. After all, until quite recently we had no border barriers: part of the Orenburg Division was wedged into Kazakhstan, and vice-versa—the West Kazakhstan Railroad was in Orenburg Oblast. Indeed, even now the Petropavlovsk Division is included in the South Urals Railroad, so as not to break up the Central Siberian mainline. For that reason we sometimes cannot provide "our" division with spare parts, because of customs and other barriers, even though their delivery belongs in the category of technically necessary, duty-free transport. There is an intergovernment statute on this score, but just imagine—we still stumble.

As if "by order," a telephone conversation comes to my mind. It reflects one of the paradoxes of our time.... Railcars loaded with edible salt, extracted at Sol-Iletsk, which is in Orenburg Oblast, arrived for processing and shipment to consignees at the nearby Iletsk Station of the West Kazakhstan Railroad. But they held them up here, demanding that customs duty be paid. Ufimtsev had to explain in simple terms that this was transport necessary for technical reasons, specified by so-and-so....

After all, this is the salt, the whole point of our lack of coordination and woes.

Railway First Deputy Minister on Wage Problems

944E0820A Moscow GUDOK in Russian 17 May 94 p 1

[Conference statements by First Deputy Minister of Railways O.A. Moshenko, reported by N. Davydov: "Wages at the Right Time"]

[Text] The continuing recession in transport services and the inoperative payment mechanism are not giving railroad workers any hope for a peaceful life. Despite the fact that continuous service is being provided for freight and passengers, the sector's economic situation is very disturbing. As First Deputy Minister O.A. Moshenko emphasized in opening a recent selector conference, roughly one-third of the wages for March still had not been financed by 12 May, although it is already time to pay the wages for April.

We have written repeatedly about the reasons for this. The problem of problems is the shortage of "ready" money in the railroads' income accounts because of their clients' insolvency. It has already become the rule that at best, half of the funds earned are in money, and the remainder are in reciprocal credits, the output of debtor enterprises, and so forth. And in order to pay all the wages for March and half of April, let us say, by the end of May, it is necessary to have no less than 924 billion rubles [R], or 57 percent of all receipts from transportation services, in the accounts.

But if it is taken into account that the railroads received less than 42 percent of their planned earnings in cash in April, it becomes clear how difficult it will be to resolve the problem. Without painstaking work every day to reduce the debt owed to the railroads, to reduce expenses and increase incomes, to bring maintenance personnel into conformity with the volume of transportation, and to bring down the costs from loads that are not safeguarded and fines for delays in freight deliveries, and so forth, it will be difficult to count on positive results.

But after all, we have to finance not only the wage fund for the railroads and the plants, but manage the funds deducted for social needs (social insurance, the pension fund, medical insurance, and other items—39 percent altogether) and taxes for the state budget.

The situation is aggravated because a number of railroads have permitted an unjustified wage increase, so to speak, over the amount granted by the Wage Agreement. The increasing expenses for these purposes have been made a catalyst to a certain extent for delaying the periods for settlement with labor collectives. The wage fund was exceeded by more than R14 billion in the first quarter (in relation to December 1993) on the October and Sverdlovsk railroads. The overexpenditure was half of this but still quite substantial on the West Siberian and Far Eastern railroads. As we see, the rates exceed the ones planned.

The MPS [Ministry of Railways] and the trade union central committee have been forced to make adjustments, since the faster indexing of wages is making the task of eliminating the payments debt even more difficult. Especially as the right to warning indexation was stipulated by the Wage Agreement only for the first quarter, but managers of the Gorkiy, Kemerovo, Sverdlovsk, and certain other railroads raised wages by 12 to 17 percent in April. Although the predicted increase in consumer prices (in conformity with which indexing should be conducted in the second quarter) was no more than 10 percent and actually was less than 9 percent.

All this has had a negative effect on attempts to completely eliminate the indebtedness for wages, and only the Moscow and Kaliningrad railroads are paying them on time at present. This is a serious problem for nearly all the other railroads. Which has been confirmed by statements made by the mainlines' managers, in fact. Nevertheless, the railroads have been supporting the strategic line proposed by the ministry—to bring the schedule for wage payments back to normal by Railroad Workers' Day.

In short, the essence of the strategy is as follows. The wages for March should be paid in full before 20 May, the April wages should be paid by 15 June, the wages for May should be paid by 5 July, and the wages for June should be paid by 30 July. So with June's wages, we begin a normal routine for payment. That is, over a period of 2 and a half months, we have to collect R3.3 trillion in money from clients; this will be 48.8 percent of the earnings planned for this period. The task is very difficult, but as discussion has shown, it can be accomplished.

It was stressed in particular that the sum designated is adequate under the condition that not 1 ruble will go toward other needs. Realistically this cannot be achieved,

and for this reason, the task set is to obtain no less than 60 percent of the earnings in money. In addition, to more fully utilize other sources to obtain money.

First of all, to sell the products received in payment for debts more expeditiously. This can yield about R100 billion every month.

Secondly, through other proceeds (local incomes, fines, various services, and so forth), the monthly increment may amount to no less than R80 billion.

And finally, the ministry has urged a more active effort to recover debts from so-called other clients. In the system as a whole, they now owe R1.77 trillion. This is a difficult task, but transport cannot continue to operate in debt. As O.A. Moshenko emphasized, the credits, debts, and earnings—everything should be accounted for specifically now. Each railroad manager should have a detailed plan on the table and daily supervision is essential to carry it out.

Participants in the conference came to the conclusion that in the system as a whole, the amount of "ready" money in the railroads' income accounts must be increased by 6 percent in order to finance wages in conformity with the schedule adopted. But this is an average. The Sakhalin, Transbaykal, and Baykal-Amur railroads must have 65 to

75 percent more of such earnings. Collectives of the West Siberian, Krasnoyarsk, East Siberian, Far Eastern, and Kuybyshev railroads will also have to make a serious effort to work this out.

We cannot fail to mention that the situation in the plants is even worse than in transport service itself. Of course, the sums needed here are less, but it is no easier for workers at the enterprises. But in the figure cited above—R3.3 trillion—funds have also been provided to pay the wages of workers at the ministry's plants. Serious claims have been made against the managers of loading railroads who sometimes "forget" about their financial obligations with respect to the transit railroads. And there is a special question—recovery of debts from the railroad administrations of the CIS countries, which are already over R400 billion.

Summing up the discussion, the first deputy minister called upon the railroad managers to show that they are more demanding toward their clients and not to bypass nontraditional incomes which are "beckoning" directly to railroad workers. But the main objective is to look for and find uncommon means of increasing incomes and reducing expenses.

POLITICAL AFFAIRS

Rukh Hit for Repressing Dissenting Opinion

944K1180A Lvov ZA VILNU UKRAYINU in Ukrainian
21 Apr 94 p 1

[Article by Myroslav Levytsky under the rubric "Political Commentary": "Is Rukh Ridding Itself of Opposition within Its Ranks? The Ukrainian Republican Party Is Analyzing the Situation... The Leftists Are Making a Push To Compete in the Presidential Election!"]

[Text] A number of political events took place in the capital of Ukraine on the 16th and 17th April of this year. Unquestionably, the event that attracted the most attention was the second phase of the Fifth All-Ukrainian Rukh-Party Congress. Of the 1,200 delegates, 826 took part in the work of the congress. The main topic at the congress was a discussion of the results of the parliamentary elections. In his programmatic speech on the results and lessons of the parliamentary elections, the leader of Rukh stressed that Rukh won the elections despite the fact that only some seven percent of its candidates won seats. He admitted that this number was lower than anticipated, but blamed the conservative nature of the law, the actions of governing structures, irregularities in the counting of votes, and the ambitions of Rukh's partners in the democratic camp for the outcome. Levko Lukyanenko and the democratic Ukraine bloc he heads were the targets of especially harsh criticism in V. Chornovil's speech and in the speeches of many of his supporters. There were the customary harsh attacks on the Ukrainian Republican Party [URP]. The second target of criticism was the Congress of Ukrainian Nationalists [KUN].

This criticism often went beyond the bounds of propriety. People's Deputy of Ukraine Bohdan Boyko, the Ternopil Oblast chairman of Rukh, is particularly adept at this kind of attack. The language of his speech was more reminiscent of the old meeting bully than that of a civilized parliamentarian. These days, fewer people by far are impressed by the antilogical bullying that was customary at our meetings. In contrast to earlier years, populism no longer elicits ovations. The accents are slowly changing. Much more likely to be applauded are attempts to assess what has been accomplished and one's place in the scheme of things.

Serhiy Odarych, a member of the Rukh Leadership, and People's Deputy of Ukraine Yevhen Zhovtyak from Kiev Oblast tried to do just that. Zhovtyak, in particular, underscored the need to rise above party egotism because the good of Ukraine must come before the party. He said that for Rukh, which aspires to be the leader of the people, winning seven percent of the seats in parliament is not a victory but a crushing defeat. The blame for this does not lie with the government, the URP, or the KUN, but with the party's style and system of work. In the opinion of the speaker, the party apparatus needs to be revitalized. The personal ambitions of Rukh's leaders at the rayon level were another reason for the party's defeat. Instead of searching out exceptional individuals from the democratic camp as a whole, automatic support was given to the rayon leaders.

Serhiy Odarych is also inclined to regard the elections as a defeat. Only five of the 21 oblast chairmen won seats. For our part, we should add that most of Rukh's elected deputies are people who came into parliament in 1990. Serhiy Odarych pointed out a number of things that the party leadership had failed to do, and he urged Rukh to take the initiative in forming an alliance of national-democratic forces to create a single democratic organization.

Following these two fundamentally divergent speeches, V. Chornovil ordered that a special, closed meeting of the Small Council of Rukh be convened.

Meanwhile, the congress returned to its normal course of analyzing the election results and denying the notion of a defeat. A statement was adopted in which the reasons for the results of the election were analyzed. The results were deemed satisfactory. Criticism was levelled against the Ukraine Alliance. Rukh's regional organizations were instructed to begin preparations for elections to the local councils and the leadership of Rukh to begin preparing for the additional parliamentary elections, to initiate the creation of a bloc of democratic forces within the democratic corps of deputies, and to hold a meeting of the representatives of the national-democratic forces.

But why not rely on already existing structures—the Congress of National-Democratic Forces [KNDS] and the Ukraine Democratic Alliance? Apparently the stereotype of support for the mythical "party of power" poses an obstacle. There is also another reason, which I will discuss later.

A meeting of parties and organizations that comprise the Ukraine Democratic Alliance was held on 14 April. This meeting was also attended by Leonid (Les) Tanyuk, a member of the Central Leadership of Rukh. The meeting resolved to extend its participants' best wishes to the Rukh congress and to take the initiative in calling for expanded cooperation. This mission was assigned to Levko Lukyanenko.

To everybody's astonishment, the chairman of the Ukraine Democratic Alliance was not among the guests who spoke at the [Rukh] congress. In answer to my question, V. Chornovil replied that he did not know why Lukyanenko had not appeared. Invitations had supposedly been sent to everybody. It turns out that some were "forgotten." Lukyanenko's was one of these. This way the idea concerning the need to unify the [country's] democratic forces can be represented as coming from one side only. However, one can see with the naked eye that all of this is merely a subtle ploy in the struggle for absolute leadership.

How then is this unity to be achieved? This question arises at all the crossroads of the political process. What we are seeing today is a very complex phenomenon—the further along we move in the process of establishing a multiparty system, the more Bolshevism we encounter.

Vyacheslav Chornovil no longer denies that Rukh is a party. It was precisely for the purpose of establishing this status and strengthening organizational discipline that a number of changes were made in Rukh's charter. In the Rukh leader's view, the election results would have been

much more modest had they not decided in March of 1992 to rebuild Rukh structurally and conceptually into a party.

The second day of the Rukh congress was devoted to issues pertaining to changing the charter and forming the leadership.

The election of the new leadership of Rukh provoked a great deal of emotion. V. Chornovil, whose powers as chairman were extended by the congress back in December 1993, proposed electing the leadership by voting for a full slate of nominees. He nominated Oles Lavrynovych for the office of deputy chairman of Rukh. Mykhaylo Boychyshyn was proposed for another of the deputy chairman slots and for head of the secretariat. As his other two deputies, V. Chornovil chose Olena Bondarenko, a journalist from Luhansk, and Professor Robert Kartashov, a Russian.

The congress participants demanded that the party leaders be voted for individually and not as a full slate. For some reason, this greatly angered the leader of Rukh, who argued that he had to work with these people. The quarrel about the way in which the vote should be held lasted much longer than the voting for individual candidates. It is difficult to explain this resentment of a dissenting position in light of the fact that at the stage of the formation of the national-democratic forces, V. Chornovil constantly used the tactic of taking an opposite and separate stand. Moreover, as the congress participants elected the nominated individuals without any problems.

Passions really flared in the process of forming the Central Leadership. Once again, a list of candidates was proposed. Those present expressed their surprise that it did not include Professor Chernyak and the lawyer Holovatyy. The chairman of Rukh explained that S. Holovatyy had not taken part in the work of the Central Leadership since last year and that Professor Chernyak had chosen to run in the elections in a district that had not been approved by the leadership.

Holovatyy, a member of the Central Leadership of Rukh for whom V. Chornovil had fought a bitter battle at the Fourth All-Ukrainian Congress, took part in the Fifth Congress as a guest. He expressed his resentment on this account in his speech. He rejected all accusations that he had failed to do his job in the Central Leadership and, instead, called the work of the Rukh leadership immoral.

Inasmuch as all this results from internal animosities, I have no desire to enter into the real gist of this conflict, but it was precisely of immorality that the congress delegates accused S. Holovatyy. V. Chervoni, the chairman of the Rivne organization of Rukh, added oil to the fire in the debate surrounding the president of the Ukrainian Legal Foundation by bringing up S. Holovatyy's writings against the Kiev Patriarchate. This ultimately tipped the scales. With 273 votes cast against him, S. Holovatyy did not make it into the Central Leadership. An experienced strategist, V. Chornovil immediately announced that he was prepared to forgive Holovatyy's apostasy if the latter promised to submission inside the Rukh faction. But submissiveness and S. Holovatyy are two incompatible concepts.

Also missing from the list of individuals elected to the Central Leadership was S. Holovatyy's colleague, Valeriy Ivasyuk, on whose behalf V. Chornovil also waged a passionate battle in 1992.

Under pressure from the delegates, Professor Chernyak was included in the list of members of the Central Leadership of Rukh, but he was elected only conditionally.

As I followed the progress of the congress, it struck me that the much publicized leader of the opposition is skillfully ridding himself of opposition in his own party. Can it be that the opposition fears opposition? That is how I posed the issue at the press conference. V. Chornovil stated that this was my own subjective understanding of the situation. The incident involving Holovatyy was not grounds for such a conclusion.

Perhaps, but I see this as a much broader problem that goes beyond a simple party incident. After analyzing all the nuances of Holovatyy's ouster and taking into consideration his personality, I believe that this step will have a negative effect on the process of establishing the Ukrainian multiparty system. Holovatyy will set about ruthlessly discrediting V. Chornovil as a politician at all levels, and this will lead to a conflict of generations that will not be confined to the bosom of the Rukh party. The beginnings of such a conflict were evident at the Rukh forum. As a result, I fully agree with the warnings expressed by Yuriy Badzyo in his thoughts against the current, "Let Us Not Commit Suicide in Vain!"

Just as at the Rukh congress, passions ran high at the meeting of the URP leadership held on 16 April. However, these passions were aimed in a different direction. Levko Lukyanenko, the chairman of the Ukraine Democratic Alliance and honorary head of the URP, argued in favor of opposing the party of power. Other URP politicians and activists tried to analyze the situation. Questions were posed: where did they fail and why, with whom did they fail to agree and why? They primarily blamed themselves. The chairman of the URP stressed that the party cannot be a serious entity if it follows the tide rather than forming the political climate. Owing to objective and subjective circumstances, the URP was unable to create the climate needed to win, and therefore only seven percent of the candidates it fielded won seats in parliament.

The leadership of the URP approached with restraint the idea of unifying political forces that had been expressed at the Rukh forum. Mykhaylo Horyn believes that the times are such that there is a real need for an alliance of ideologically close political structures. However, if there is a continued attempt to substitute Bolshevik-style annexation for unification, this issue will remain deadlocked.

He also rejected the thesis posed by V. Chornovil at the Rukh congress that there can be no room for many kindred political forces in the same political niche. In M. Horyn's opinion, the niche is so large and there is so much work to be done that it is wrong to take this stand.

The URP came up with the initiative to create a coalition of democratically oriented parties whose factions are represented in parliament. In addition to political parties, the coalition can include public organizations that are also

represented in parliament. The goal of the coalition is to unite the patriotic forces in parliament so that they can coordinate their activities in lawmaking, statebuilding, forming the government, and passing the most important decisions affecting the state. The head of the coalition will be put forward for the post of prime minister.

This initiative largely corresponds to that put forward by UKRAYINSKE SLOVO and the Olzhych Fund to create an anti-Kuchma front. It is onsonant with many of the voices heard at the Fifth All-Ukrainian Congress of Rukh.

Apparently the leadership of Rukh views this issue differently. V. Chornovil is convinced that all the democratic forces, with the exception of Rukh, lost the elections and therefore the individual deputies will be forced to place themselves under his wing.

Apart from the factor of pure ambition—the monopoly on patriotism—which causes serious concern among nationally conscious journalists, this serves as dynamite for confrontation. Serhiy Holovatyty has already announced that he will form a faction parallel to Chornovil's.

One of today's key issues is the presidential election set for 26 June. This matter was widely discussed both at the Rukh congress and among the leaders of the URP. Participants in both events urged that their parties not take part in this undertaking. As a last resort, they will support an acceptable candidate for the office of president. At the same time, they stressed that the greatest threat to Ukraine is the Kuchma-Hrynyov Interregional Reform Bloc, which speculates on pro-Russian sentiments and proclaims slogans that do not serve the national interests of Ukraine. It is therefore essential to concentrate all efforts on neutralizing this bloc. This struggle will prove less effective, because the corps of directors are more flexible than the orthodox Reds.

It is no secret that Kuchma is the leading claimant to the presidential chair. As he announced at his press conference, he will try to win over even the rightist radicals (Khmara and the Ukrainian National Self-Defense Force [UNSO]) if their economic concepts coincide. In addition to Kuchma, O. Moroz, the leader of the Socialists, is also a candidate for the office. As the Central Election Commission has reported, the intention to put forward candidates has been announced by the Communists, the Civic Congress of Ukraine [GKU], the Labor Congress, the Christian-Democratic Party of Ukraine [KhDPU], and the DSU [State Independence of Ukraine]. Thus, only the vociferous radical structures are announcing their intention to join in the presidential race. However, in view of the fact that 6 May is the deadline for collecting signatures, it is difficult to imagine that many candidates will manage to collect the necessary number of signatures in time. It is quite possible that the presidential epic may end with the collection of signatures. Then the date of the election will automatically be postponed. For some reason, Ivan Plyushch, the speaker of the old parliament, takes an overly calm and optimistic approach to this.

Ukraine could be considered to have gained if only two candidates remain on the ballot, because this would mean a contest to the end. But this would be a very costly game. It may well be that the leftists want to exhaust Ukraine

with this game and thus produce tension and increase regional polarization. After all, none of them has a chance to win the presidential chair at this time. Yet each of them can serve as Ukraine's "Trojan horse."

Given the situation, the desire of the radicals from the DSU to play at the presidency in the select company of the leftist radicals and the chauvinists from the GKU is a complete puzzle!

Change in Runoff Election Law Advocated

944K1171A Kiev HOLOS UKRAYINY in Ukrainian
22 Apr 94 p 2

[Article by Olha Zhukovska, candidate in juridical science: "Why Are There So Many Vacant Places in the Hall?"]

[Text] The situation that has developed as a result of the elections for the people's deputies of Ukraine is deeply worrying. The 112 vacant places after the runoff election are a clear sign of the imperfect nature of the Law of Ukraine, "On the Election of People's Deputies of Ukraine."

The law is supposed to reflect the needs of real life. In the given case, the nature of the law, detached from contemporary realities, became the reason for the delays in the elections.

Moreover, it is noteworthy that a rule which was not previously a feature of the electoral law of Ukraine got in the way of the elections having a normal result. This rule was article 46 of the Law, by which the establishment of the results of the election in the runoff election is carried out in the order established by article 43 of the same law, which in its turn provides that, "a candidate for deputy is considered elected, that gets in the election more than half of the votes of the voters who took part in the elections, but not less than 25 percent of the number of voters on the list of voters of the given district."

This rule, with its contents, is intended to eliminate situations in which the opinion of an insignificant number of voters leads accidentally to the election, as people's deputy, of a person who had been able to get a relative majority, through the scattering of votes over a large number of registered candidates for deputy.

As for the runoff elections, this rule works in exactly the opposite direction.

The views of a certain percentage of voters, who do not share the convictions of any candidate, lead to the situation in which none of the candidates for deputy gets the necessary number of votes. Unfortunately, this happened in many districts.

So, despite the fundamental idea of democratic elections, according to which the results of elections are supposed to reflect the will of the real majority of voters, the rule of article 46 of the Law of Ukraine "On the Election of People's Deputies of Ukraine," led to the directly opposite outcome: the results of the elections were actually decided by an absolute minority of voters, that was also a relative minority with respect to those who supported both candidates.

In this way, the principle was violated which is included in paragraph three of article one of the law of Ukraine, "On the Election of People's Deputies of Ukraine"—"The basic principles and bases of the elections of People's Deputies of Ukraine," according to which "the elections are carried out in 450 single mandate electoral districts on the basis of an absolute majority."

The special rule of paragraph two of article 46 of the Law does not ensure that the principle in article one of the same law will be achieved. But according to one of the axiomatic bases of the general theory of the state and law, with respect to the interrelationships of the juridical force of the rules of law of different types, the rules-principles have a greater weight than special rules, when the latter contradict the former.

Moreover, this result contradicts the basis established by paragraph three of article two of the Law, according to which, "any direct or indirect limitations concerning the electoral rights of the citizens of Ukraine which depend on their political convictions ... not provided by this Law, are forbidden." (Since in fact, if both candidates that get to the runoff election belong to the right wing (or the reverse), then the participation in the elections of 4-5 percent of the voters with other convictions would have to lead (and actually led) to the candidates being deprived of the subjective right to be elected, provided by article two of the Law, as something that is not restricted by political convictions.) Here there is a contradiction between the rule-principle and the special rule.

Such conclusions are harmful in themselves. But let us try to foresee a further turn of events: clearly, two rounds of voting have indicated a more or less exact "distribution of forces" in the electoral districts. There is no basis to expect any sort of "explosion" of activity by the voters at the start of the summer as well, when the runoff elections are supposed to take place. Under these conditions, the run-offs this time will also not provide really elected deputies, or what is more probable, generally will not take place.

However, a large amount of money will be vainly spent carrying them out, which could be directed to social assistance for the population.

What is the legal way out of this situation? I think that it is worth turning to the corresponding rule of the Law of the Ukrainian SSR, "On the Elections of the People's Deputies of the Ukrainian SSR" (article 54), according to which, in cases of runoff elections, the candidate for people's deputy is considered to be elected, who received in the runoff election the greatest number of votes of the voters who took part in the election. The introduction of corresponding changes to the rules of article 46 of the Law of Ukraine, "On the Election of People's Deputies of Ukraine," would be justified for many reasons. Analyzing the situation which developed after the elections of 27 March and 10 April, I turned to the transcripts of the session of the Supreme Council of Ukraine at which the text of article 46 of this Law was discussed and confirmed.

All who spoke proposed to introduce a rule to the Law, which would not only simplify the elections, but would make it possible to eliminate runoff elections. But as became known after 10 April, the established goal of

simplifying the elections was placed, by the deputies themselves, in unrealistic frameworks.

Here it is also necessary to emphasize that the corresponding role of article 43 (to which article 46 refers) does not reflect, in actuality, the position of the deputies. In the course of the discussion of this article, there were two pressing and disputed points: the number of people who had to come to the elections, and a numerically adequate threshold of votes, for the candidates to be elected.

In the first, the point of view won concerning the need for a minimal number of persons on the list of voters, that is equal to 50 plus one. As for the second, actually the objections do not come with respect to the adequacy of 25 percent of the number of persons on the list of voters, for the election of a candidate; the objections come only with respect to the principle of an absolute majority of votes, and in place a relative majority was proposed, to make the process of the elections easier.

In the voting, the question was put in such a way that there could not be any sort of majority of votes. This is the transcript of session 32, 18 November 1993 (Bulletin no. 32, p. 18). Presiding: "All this is clear. Let us find a compromise. This compromise will lead to elections having taken place only when 50 percent of the voters on the list come. But for there to be fewer runoff elections, a rule of 25 percent from the general list has to be introduced. This rule will decrease the number of runoff elections, and will indicate the victor in the voting more quickly. Right? Can all come together on such a position?"

"Vorobyov speaks correctly—a relative majority, but not less than 25 percent of the voters on the lists.

"So, I ask you to vote for article 46 with the corrections we have made. To point three—the participation of 50 percent of the number of voters, and in point four—as in the version of the commission, that is—not less than 25 percent of the number of voters on the lists.

"I ask you to vote for this version."

In this way, the deputies actually while passing the law were supposed to think that they were voting for conditions of election, in which for the election of a deputy, it was enough for him to get the votes of 25 percent of the number of voters, on the list, without any sort of numeric limitations.

And the number 50 plus one applied to the condition for indication of elections as being effective.

So the text of the rule in article 43, and, correspondingly, of article 46, which refers back to the former, clearly does not correspond to the will of the deputies. Perhaps we have before us a typical technical mistake in combination with misunderstanding. There is all the more reason to correct it, at least concerning runoff elections, in order to complete in a constructive way the process of forming the parliament. As concerns the runoff elections themselves, the above mentioned "noble goals" of creating conditions for an effective parliament require, for bringing them into being, quite different concrete steps.

Will making the changes being discussed to the Law of Ukraine, "On the Election of People's Deputies" have any significant negative aspects? I do not think so.

Usually, as a general rule, a law ought to be stable. But this principle exists first of all to ensure that the rules, by which laws are implemented, are not changed with insufficient grounds in the direction of limiting those laws (or total abolition). From this, it is considered unacceptable in the theory of the state and of law, to change or implement rules of reverse effect, which lay down obligations, establish limitations on laws, or prohibitions, and so on.

But in this case, it concerns the direct opposite: for a change of rules in the direction of expanding the legal bases for implementing laws and for implementing the opposing force to these changes, that expand the boundaries for gaining the right to be elected.

This concerns procedures. As for the legal content of the proposed changes, they, unquestionably, would correspond to the general goal of democratic elections—to form a parliament by democratic means; and to the rules-principles given above, of the Law of Ukraine, "On the Election of People's Deputies of Ukraine."

Moreover, the social purposefulness of the corresponding changes is apparent; it makes it possible to form an outstanding parliament, and saves money and effort which otherwise would have to be spent on carrying out runoff elections without results.

The introduction of such changes would correspond by content not only with the previous experience of our state, but of democratic foreign states.

In France from 1958 to 1985, there was a majoritarian system, so that for someone to be elected a member of parliament, a candidate in the first round had to get a complete majority of votes, but in the second it was enough to get a relative majority.

So I think it is worthwhile to make changes to article 46 of the Law of Ukraine, "On the Election of People's Deputies of Ukraine," with paragraph two in its final version: "The candidate for deputy will be considered elected, that got during the runoff election the majority of votes of the voters that took part in the voting for another candidate," and to expand the effect of these changes to legal relations which arose before they were accepted.

Presidential Candidates' Chances Assessed

944K1200A Kiev NEZAVISIMOST in Russian
29 Apr 94 pp 1-2

[Article by NEZAVISIMOST Editor in Chief Vladimir Kuleba: "Such a Meager Selection..."]

[Text] Like it or not, that is the conclusion one reaches when analyzing the list of aspirants nominated as candidates for president of Ukraine. The first threesome of probable victors consists of Leonid Kravchuk, Ivan Plyushch, and Leonid Kuchma. Of course, a fascinating spectacle awaits us—the "bear fight under the rug" promise to be super-entertaining, better than the Western preelection shows. Indeed, only the results are known beforehand—no matter

how you shuffle our far from saintly threesome, things will not be improved. Each of them has made a worthy contribution over the past two years or so to "getting the government mired down in communist dogma and corruption, while the words 'Ukrainization' and 'Ukraine' resound as synonyms for economic impoverishment, collapse, and resistance to reforms." But let us take a closer look at their prospects.

Leonid Kravchuk

It would seem his political star has faded. Though as recently as January his ratings were high. His base—the old Communist Party nomenklatura, established structures in the localities, the "party of power"—seemed to be powerful and unshakeable. But on the very eve of activity of the Supreme Council, "at the signal" as chessplayers say, Ivan Plyushch somewhat unexpectedly outplayed that skillful grand master of political intrigue, Leonid Kravchuk, confronting him not only with the prospect of the presidential elections, but with the dismantling of the organs of executive authority.

Like last year, this year has not been most successful for the current president. Especially during the spring, in April. According to all assessments, the elections to the parliament did not have to be held. A great deal of effort was expended to this end. Wily maneuvers were plotted, districts were "stuffed" with deputies, and "his" people worked tirelessly. But despite the predictions, the people of Ukraine went to the elections even on a more massive scale than was the case in December in Russia, where the campaigning was quite heavy.

We will risk making the conjecture that if the presidential election is in fact held, L. Kravchuk will lose. It is possible he will not even make it to the second round. Naturally, all the actions of his team—the "party of power"—will be aimed at postponing the election. The newspapers, radio, and television, devoted to L. Kravchuk, have already set about accomplishing this (at the same time they are attempting to resuscitate the fairly shaken prestige of L. Kravchuk, to ideologically dust off his somewhat worn political image, publishing all kinds of tales of the variety that appeared in KIYEVSKIYE VEDOMOSTI, and not only there). To the extent I am aware, an address by L. Kravchuk to the parliament and the people on the need to postpone the time frame for the presidential election is in the preparation stage. I believe every possible alternative will be employed, up to and including a referendum—to which, incidentally, the president has the right. In other words, the tactics are simple—prevent the election even if it kills him. Here like never before another wave of anti-Russian hysteria will come in handy, as will the search for enemies of sovereign power, the "fifth column" headed by that ardent enemy of L. Kravchuk and of the nation—Leonid Kuchma.

Well, such is the logic of the struggle for power. And as yet no one has ever voluntarily rejected it—power. Except perhaps for Nikolay II, and he was actually coerced. Standing behind L. Kravchuk is the giant mass of today's managers and administrators. They will do everything in their power to see to it that no one else is allowed to get near the feeding trough, pretty heavily depleted though it

is. The ideological refrain of the "party of power" and national-democratic forces connected to it: "To date there is no guarantor of sovereignty and statehood in Ukraine other than Leonid Kravchuk."

This is all quite sad, for in maintaining our present situation, our economic, political, and spiritual crises will become irreversible.

Ivan Plyushch

Candidate Number One. His popularity among the people is legendary and anecdotal. "Wait, wait,"—they told me in one village, drowning out the loudspeaker. "We had a stableman like that in our crew who would stir everything up. Could this be him?" Hidden behind a somewhat feigned simplicity, at times with excessively painstaking effort to mispronounce his speech—not overly literate to begin with—is a keen, shrewd mind, phenomenal memory, and the ability to listen and to hear. Ivan Plyushch is a 100-percent "crafty Ukrainian," and rural residents constitute his electorate. Just the appearance of Plyushch on the television screen is enough to elicit a grimace of skepticism on reflective city intellectuals. Which he realizes, incidentally, and answers representatives of this "narrow segment" in the same vein. As if to say—you know what they are all about, writers... His base is the powerful agrarian lobby of large kolkhoz and sovkhoz owners, the diversified system of rural soviets, etc. This system remains intact probably only in Ukraine, and is named not in jest the party of Plyushch.

From director of a poultry farm—to leader of parliament, and then president of the state. Those who have decided to vote for him see their own—the Ukrainian dream, personified in this manner. Open and direct, from the lower classes, he speaks simply, like most of those raised in the rye and wheat. Everything about him is clear. His language is strong if need be, and he can be scolding. But he can withdraw just as quickly, forgive and forget. And he will share his piece of bread and butter. He will be a fair president, and perhaps will give some land. God grant him health!

Meanwhile, the latest steps and actions of Ivan Plyushch show that he has become significantly more skilled in politics, where the simpleminded and somewhat eccentric are left in the background.

"I do not change my position time and again, as others do. Incidentally, those who do change their position, who adjust it—have many opponents. Leonid Makarovich likes this very much. He believes a politician is one who does all this. I always disagree with him here. He once said that a politician is a person who is able to discern the mood of the masses. But I believe a politician takes a mood to the masses and then leads them behind it, behind himself. Otherwise the politician is not moving ahead of the masses, but is instead following—which is dangerous."

We will risk making the conjecture that if the election is held, and if Plyushch and Kuchma make it to the finish line, Plyushch will be the victor. He is the more "pro-Ukrainian" candidate.

Leonid Kuchma

One leader of the national-democratic movement made a dreadful attributive comment with respect to the former Komsomol organizer, party organizer, and Yuzhmash director, stating that he destroyed the government and then left with extremely high standing. Here is the opinion of a former comrade-in-arms. "He was conniving with the mafia behind my back, and I—fool that I was—trusted him." His current rival for the post says: "A model protege of the military-industrial complex and mafia structures."

This in no way completes all the "gingerbread" attributed to Leonid Kuchma, an outwardly calm and intelligent man with pleasant manners and measured, quiet voice, the person who first spoke of the existence of a mafia at the highest levels—selling out the country wholesale and retail. At that time his words aroused the people, and the hope emerged that perhaps everything would change, that life would become at least a little bit better and less dangerous. They called Kuchma's Cabinet of Ministers the government of last hope. Alas time passed, and the nomenklatura openly blocked and perverted the reforms. The procuracy "delayed," the Ukrainian Security Council and Ministry of Internal Affairs found themselves as always "outside the loop," and mafia clans rallied, "knocking" the supporters of reforms out of the government—I. Yukhnovskyy, V. Pynzenyk, Yu. Ioffe—while Kuchma gave into them all too obediently. We know full well how everything turned out.

But his memory among the people is a kind one. Perhaps because—to the same degree as Plyushch—he responds to the expectations of a fairly large number of average citizens of the eastern region. He speaks Russian better than Ukrainian, is not hurrying towards relations with Russia but is not shying away from the issue either. He is trying to clarify, at least for himself, exactly what it is we are trying to build—whether it is a market with capitalism, or socialism with rationing for some and special distribution for others. Though it would seem no one else in Ukraine knows either.

The "red" directors, military-industrial complex, and Ukrainian Union of Industrialists and Entrepreneurs are behind Kuchma. Against him are all the national-democrats, the "party of power," and Plyushch's group. The alignment is clearly skewed in their direction. However, sociologists assert that were the election held today, he would gather the most votes (15.2 percent—twice as many as L. Kravchuk). Who will gain the upper hand?

Vladimir Lanovyy

A hopeless reformer and market advocate. He has his own concept of extricating Ukraine from its economic crisis, but no one has ever asked for it. Under pressure from democratic forces, he was brought into the conservative government of V. Fokin as deputy prime minister and minister of economics. A "strange bird" there, time and again he escaped the attacks of experienced apparatchiks, but was soon dismissed by edict of the president. Why—we do not yet know.

In ordinary life he is an intelligent, soft-spoken, likable individual, an outstanding family man. He is an analytical

storehouse of knowledge, more a theoretician than a practical organizer. He is hindered by a lack of experience in apparatus work.

Following his departure from the Cabinet of Ministers, he founded the Center for Market Reforms, where he assembled bright minds. He is stubbornly biding his time, polishing up his economic concepts. I am firmly convinced that Lanovyy's time will come and his theories will prove useful. Many entrepreneurial circles support him, people for whom it is already too late to stop or ponder about where we are headed. They believe him and have fallen in line. Now guarantees by the state are needed. Guarantees which, in their opinion, may be obtained if Lanovyy becomes president.

All the same, I believe his chances of victory are not great. It is not yet Lanovyy's time.

Aleksandr Moroz, Petr Simonenko, and Others

Nor is it the time of Moroz or Simonenko. In fact their very nomination is somewhat strange. On the one hand, yesterday's second and even third-rank Communist Party functionaries are all too fervently thirsting for power. They are displaying their former eagerness, not ashamed of elbowing aside not only inveterate Rukh people, but each other as well. "We have certain grievances against the Ukrainian Communist Party which, despite agreements reached previously, has nominated candidates in districts we already occupy. There has not been such action on the part of the socialists." Maybe in revenge the communists conducted their own conference behind closed doors, discussing "intra-party matters."

Incidentally, as we know, a parliamentary-presidential structure is set into the program of the socialists, and so their claims of victory are understandable. It is another matter with the Communist Party of Ukraine, which rejects out of hand the presidential form of rule. "But look, we have decided to participate, taking into account the circumstances of the present moment." There will be some laughter if they come out and take the election—what do they do with the presidency? But then again, no problem. You can always adjust the statutes a bit—it would not be the first time!

Of course, neither the socialists nor the communists have any chance of winning the presidential election—so painfully importunate are their slogans and the deceitful actions we are so sick and tired of. I believe they too understand this and will therefore use the present election round, which holds no prospects for them, in the vein of the well-known sporting principle—the main thing is to participate, "to get exposure."

And so, we have three clear leaders from among the nominated candidates, those same familiar faces—L. Kravchuk, I. Plyushch, and L. Kuchma. Leonid Kravchuk will most probably not register as an official candidate, but instead propose to the parliament that the election be postponed. In that event, whether the election is postponed or not, the most probable contenders will be down to two—Leonid Kuchma and Ivan Plyushch. I will state quite frankly that the choice is not very great. And for Ukraine, this is a major catastrophe.

P.S. When this issue was going to print, it became clear that the number of candidates for the office of president had increased. Among those additionally seeking the post: former Deputy Prime Minister Viktor Pynzenyk and Nikolay Rud, associate at a Kiev institute of higher education. It cannot be ruled out that the ranks of contenders will be further augmented in the coming days, to the extent that the presidential election ballots may have to be printed on two sides. But, we are familiar with this kind of thing...

Moroz on Future Parliamentary Work

944K1239A Kiev HOLOS UKRAYINY in Ukrainian
11 May 94 pp 3-4

[Interview with People's Deputy of Ukraine Oleksandr Moroz by Anatoliy Kraslyanskyy; place and date not given: "Oleksandr Moroz: Pick Grain by Grain, And You Will Have Bread"]

[Text] *There is no need to introduce People's Deputy of Ukraine Oleksandr Moroz—he is a well-known politician. We asked him to share his thoughts on the eve of opening the first session of the Supreme Council 13th term.*

[Kraslyanskyy] Oleksandr Oleksandrovich, you are, as they say, not a novice in the Supreme Council, since you were a member in the previous term and have now been elected a people's deputy of Ukraine for the second time. What would you like to reject of the things associated with the previous Supreme Council, what would you like to preserve, and what would you like to add in order for it to work successfully?

[Moroz] Of the creative achievements of the Supreme Council, I would take the level of political professionalism, which last year began to acquire clearer shape. I feel that when the deputies worked on concrete legislative acts, they put aside ideological disagreements and the knowledge acquired over four years of deputy experience began to work. We really have gone through a great school of learning, and it would be imprudent to disregard it.

The work of the previous Supreme Council, however, was replete with shortcomings, and they need to be consigned to history. For instance, we have to discard the system of lawmaking. The answer to the question recently asked by the then Prime Minister L. Kuchma—what we are building?—needed to be given back in 1990, at least after the all-Ukraine referendum. Had we such an answer, in its content we should have worked out the structure and sequence of steps in adopting laws. Then the commission on questions of legislation and legality, as well as other commissions, could function in accordance with a clear program. One of the deputies of the Supreme Council chairman should have put together a sort of a schedule of preparation of laws and "monitor the progress" of each law from conception to adoption and control over its "life." There was no such system. The process of law-making itself was chaotic, and this became one of the reasons that the laws did not correlate with one another; they lacked financial and scientific substantiation, and a forecast of the consequences of their action in society.

One more thing. If we know what people themselves want to say regarding preservation in the constitution, for

instance, of social guarantees regarding work, free education, and so on, then why do we disregard citizens' feelings? Why do we act against the will of the people? Is this democracy? Is this a proper position for the supreme organ of authority? The new parliament should develop an institute of lawmaking. It does not have to be necessarily a staff structure—it can be a small group of organizers-scholars, jurists, who would form a creative group and develop a system of making concrete laws, perhaps through a competition.

[Kraslyanskyy] In the beginning of our conversation you mentioned the subject of ideological disagreements. Judging by the composition of the current parliament, it will also certainly have plenty of such disagreements. How do you see overcoming them? Finally, with whom are you going to join forces and with whom will you seek compromise?

[Moroz] One can never make the Supreme Council free of ideological discussion—this simply would be against its nature. The point is to make it a mere addition to lawmaking work in the parliament.

[Kraslyanskyy] In principle, law in itself is ideology...

[Moroz] Undoubtedly. We understand very well that politics is relations between people and the corresponding spheres in the state that are regulated by laws or other normative acts.

As to unproductive political clashes within parliament walls, much depends in this respect on the organization of the Supreme Council's work, on the formation of its governing structures, the order in which they will consider those draft laws and questions that concern people most today. Knowing their mood, I will say that current economic problems concern people more than anything. Speaking of contentions of individual politicians that the fault for all the troubles lies with the communists, who allegedly are in power even now, you may rest assured: People have figured out today who is who, who defended the versions of privatization that made the plunder of Ukraine possible. Here is economics and politics for you all at once. Knowing these circumstances, realizing that we have to climb out of the pit into which we have fallen, and giving the commissions some or other laws that deal with economic problems for consideration, I think that along this road we will have fewer ideological battles, since a concrete cause demands concrete action, and for the sake of it one can put aside irreconcilable views.

As soon as we start moving in the direction of economic stabilization and people start feeling that the crisis is subsiding, then the intensity of issues will diminish considerably.

[Kraslyanskyy] A logical question: Do you see a way of extricating Ukraine from its difficult economic situation?

[Moroz] Today this is the most difficult question for anyone. The Supreme Council apparently must first resolve the main problem on this path: forming a capable, competent, decisive government. I know this is not easy. But Ukraine has never had its own government—a government of a state. Ukraine has not had and still does not have its own economy. It is still not treated by our

executive authority as a single organism. We need to find in the state a first person who will measure up to this task, be able to get a grip on the situation as a whole.

[Kraslyanskyy] Do you have a candidate in mind?

[Moroz] There are various proposals and options. Without naming any persons in particular, I will only say that in this matter we need to resolutely reject strictly ideological criteria. This has already done great harm to our economy. Today, of course, there are many who are regretful, while perhaps some are rejoicing, carrying out someone's instructions, that this has happened, but it is true that since the fall of 1990 every new government has been weaker than the previous one. From a political viewpoint perhaps it would be unsuitable to turn to the specialists of the past, but I would step over all these nuances for the sake of having good professionals in the Cabinet of Ministers. Although usually new people, new approaches, and a fresh team generate faster hope and confidence in the authorities. There are options. And we are not talking here about a return to the command-administrative system.

Thus, to start with it is necessary to form in the Cabinet of Ministers a team that will understand all these tasks and nuances and will not strive to turn to the methods of leadership that have already brought great harm to our economy. At the same time, power structures need to resolutely rid themselves of corruption and abuse, and repulse anyone's desire to profit from others' misfortunes. On the other hand, they need to create conditions so as to eliminate the possibility of engaging in dirty business in the corridors of power. And one more thing. Labor can be effective only when economic incentives begin to work instead of compulsory forms of state orders or detailed planning.

At the same time I think that at the macrolevel the state sector of the economy must have clear leadership. And we see that current economic management is being conducted in such a way that the state sector is being destroyed, consistently and purposefully. Already about 20 percent of the means of production at state enterprises has been privatized. They somehow still operate, agonize, but at the same time produce the main part of the gross output. The state sector has been placed in mortal circumstances; it is being deliberately strangled and destroyed.

[Kraslyanskyy] Judging by everything, you now support a change of authority, the creation of conditions that would put an end to the chaos and, as you put it, abuse and irresponsibility. Would it be correct to say that in this current difficult period you support a restoration of the dictatorship of authority?

[Moroz] I am for the dictatorship of order. And in this respect it is not necessary to bring dictatorship to authoritarian methods of organizing the authority. What I mean is that everyone and everything should be subordinate to the law, and that the latter should deal ruthlessly with whoever attempts to violate it. For this we have to build up the structure of power. I am convinced that the Council, which in one form or another exists all over the world as the mechanism of authority, presents great opportunities for establishing order.

[Kraslyanskyy] So, Oleksandr Oleksandrovich, which form of authority do you support: parliamentary, parliamentary-presidential, or presidential?

[Moroz] For the current stage of development of Ukrainian statehood I think the most suitable form of authority is parliamentary-presidential. Although in the future, when the situation in the economy stabilizes and society emerges from cataclysm onto a straight road, we could do with a parliamentary republic.

[Kraslyanskyy] I disagree with you in this respect. Knowing the character traits of our people, their eternal striving for Cossack freedom, where each is his own master, I think that broad democracy in the form of a parliamentary republic may turn into all-out anarchy and harm our statehood. And did you not yourself feel at the time of the election campaign that people want a strong authority concentrated in the hands of one person?

[Moroz] I think what people want is order and confidence in tomorrow. They are not looking for salvation in a hetman or a tsar. They are searching first of all for a way to realize their labor potential. When we create motivation for labor, people will respect both the law and the state.

[Kraslyanskyy] I would like to finish the conversation where we started. Which is: Although the new parliament has not convened yet, to my knowledge deputy factions have already been practically formed. You head one of them. With whom are you planning to work, and with whom to reach compromises?

[Moroz] Regarding leadership of a faction—thank you. This is news to me. And differentiation is indeed emerging. As to compromises, I will say this: It depends on the purpose and for the sake of what a compromise is being sought. If it is for the fulfillment of the task I consider to be the most important—overcoming the economic catastrophe—I am ready to work with anyone. What is currently needed is action instead of quarreling; we need to find the rational in different positions. As they say, pick grain by grain, and you will have bread.

Durdynets on Center Bloc Positions

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[Interview with People's Deputy Vasyl Durdynets by UKRAYINSKA HAZETA correspondent Oleksandr Skoryna; place and date not given: "Vasyl Durdynets Calls People's Deputies Toward the 'Center'"]

[Text] A deputy group called the "Center" has been set up in the structure of the new Ukrainian parliament. Its initiative core is headed by Vasyl Durdynets, a newly elected deputy and formerly the deputy head of the Ukrainian Supreme Council of the previous, twelfth convocation. Considering that a rather "motley" public has come to "power" and that it probably will not be easy to find a common language for all, the idea of an apparently unifying "Center" is rather attractive and is very much needed in our current conditions. In order to learn about the Center in detail and firsthand, I met with Vasyl

Vasylyovych Durdynets. Our conversation was democratic, friendly, and, of course, candid. First, it was pleasant to learn that Vasyl Vasylyovych respects UKRAYINSKA HAZETA; second, I encountered a true patriot of the Ukrainian state.

Over the four years of its work, said my esteemed interlocutor, the Supreme Council adopted 402 laws and 1,108 decrees. This is a considerable volume of work. But people appraise it, of course, not by the numbers but by the way these documents are being implemented and are working to strengthen the economy, legality, and law and order, for the social good of the people, especially their security and standard of living. To be honest, in making decisions on many problems the former membership of the Supreme Council unfortunately gave preference to corporate, departmental, regional, and political interests rather than being guided by the interests of all the people. Of course, pulling the blanket to one side this way could not benefit the entire society. It would be wrong to continue such a practice... Out of such considerations, the Center deputy group was set up within the structure of our new parliament. It unites the deputies who have come to the Supreme Council to do constructive work. This strong, and, as was to be expected, centrist bloc can take upon itself the main constructive lawmaking activities.

[Skoryna] How?

[Durdynets] How? First, on the basis of coordinating the positions of groups, factions, and individual deputies it can recommend candidates for the Supreme Council's permanent leadership bodies, the new government, work out coordinated proposals, and decide on principal all-state problems.

Look, in the new parliament membership we have both the extreme left and the extreme right. In order to avoid rocking our already fragile state boat, we need a consolidating basis. The people elected us to finally adopt such laws as would work for their benefit, for the good of Ukraine. All of us without fail will have to make this happen.

Our bloc is called "For Accord and Collaboration." When we achieve accord, we will have collaboration. If there is no accord between deputies of different political views, directions, and interests, there will be no constructive collaboration from the very first days of the work of the newly elected Supreme Council.

By the way, why do I say "new convocation." There is currently an idea to call the current Supreme Council not the thirteenth but the first convocation. And I must say that there are all the grounds for this, as well as the legal basis. We are beginning a new count of the activities of the parliament of a new state, elected on the basis of new laws.

[Skoryna] How do you form the membership of your group? What is required of a deputy who wants to participate in its activities?

[Durdynets] A deputy may read the program, which clearly describes the group's goals and tasks, the conditions for joining it, and its organizational basis. If he agrees with all

this, he submits an individual application indicating his surname, name and patronymic, and the electoral district he represents.

However, if over time a deputy in his practical activities deviates from the obligations he undertook as part of becoming a member of our association, at the general meeting we will bring up the question of expelling him. Our work is built on democratic principles and openness, but elementary discipline and organization are also necessary. Without them, the group is not going to last long...

[Skoryna] Vasyl Vasylyovych, you and I remember well with what drive and how dynamically a group of deputies that functioned under the name People's Council began its work within the previous convocation of our parliament. Under the leadership of its inspirer, they stayed after plenary sessions, labored over new draft laws and initiative propositions until late at night, set the tone by their organization, purposefulness, by being specific in bringing up issues and preparing drafts of various documents. Just as persistently, they brought each undertaking to a logical end. After some time, however, the drive began to diminish, and deputies began to split from the group one after another. Will something like this not happen to the newly created group?

[Durdynets] I hope that this will not happen. We are not dragging anyone to join by force. Here is the program. If it is in line with your own views, join in the work; if not—act at your own discretion. Once again, nobody wants to keep anyone in the group by force. But if you did agree to participate, then you have to work conscientiously.

[Skoryna] That is, as I see it, by the very fact of joining the Center group a deputy once again reaffirms to his voters that he has come to the first parliament of independent Ukraine not to engage in empty talk or pursue some sort of personal political ambitions. That is, not so that he may show his face on television, but to do painstaking, purposeful work for the good of his electorate, and the good of the country.

[Durdynets] Exactly. And we, on our part, assist members of our group in every way to gradually make good on their election pledges. This is important for the authority of the deputy and the Supreme Council. Voters can see, feel at their everyday level that a change for the better is not just voted for but is being implemented. And then he will know that his vote, his instructions to his deputy, do play a role in this. We need to work together to build an authority that will work for our independent state, and a state that will work for the people.

[Skoryna] Vasyl Vasylyovych, I see in the list of the Center group persons of, one may say, diametrically opposite views. You have here Landyk and Zvyahilskyy, Yukhnovskyy and Pilipchuk, Zhulinskyy, Yavorivskyy, and others. Will this not be another attempt to harness to the same cart a swan, a crayfish, and a pike? Will these people be able to work in the same key?

[Durdynets] I am convinced that they will because we at the Center are united by a common goal. Today the greatest problem for Ukraine is economic crisis. To overcome it, economists, jurists, industrial managers, political

scientists, scholars, and government members must join forces. That is, all deputies who want and can work constructively on documents either submitted or initiated by us for the Supreme Council's consideration. That is why we did not invite people to the group individually—you, you, and you... We asked everyone who wants to work together, for instance, with Academician Yukhnovskyy, writer Yavorivskyy, the jurist brothers Kostytskyy... The people who have gathered here are specialists of different profiles, different political views. And I feel that they are united by a common constructive idea—building a strong independent state. For this we first need to build a strong economy, which will provide people with the ability to work better, earn more, and live better. This is the main point. Everything else is secondary.

[Skoryna] I also think that it is time to free the Supreme Council of political battles and move them to political clubs, party meetings, newspapers, television, radio, and so on. We have had enough verbiage in 70 years. Otherwise it is like it happens in everyday life—a good housewife in an hour or two manages to milk a cow, feed the pig and the chickens, and cook borscht, while her neighbors have barely covered half the village in their gossip in the same time. So it is with us: Neighboring countries are striving to build their lives, while we are still trying to figure out where to go and what to do. Sometimes it is funny to watch all this, but more often it is sad. That is why we need to salute you and the deputies who urge their colleagues to get down to business. What concerns me and many Ukrainians is another "center," the one created in the parliament by the do-gooder Kuchma. What do you think about it, Vasyl Vasylyovych? I figure that every parliament may have different factions, but two centers... This is practiced only in soccer...

[Durdynets] First, I would like to refrain from criticizing them. I think they have already realized this: They worked up so much publicity with their interregional reform bloc before the elections... Gatherings, meetings, conferences, and so on, and so forth. And how many deputy seats did they win? Only a few here and there. However, we will collaborate with them if they express willingness to unite on the basis of what I described above... And the foundation of everything is to put the interests of Ukraine first.

Our colleague Volodymyr Lanovyy was at our meeting, for instance. He is putting together his own faction, but said that he intends to collaborate with us in the same bloc. Chornovil said the same. And the same goes for other faction leaders who understand the need to unite...

[Skoryna] Please name the organizational core of your Center.

[Durdynets] As you may have guessed, they are well-known figures—Ivan Plyushch, Ihor Yukhnovskyy, Valeriy Cherep, Mykola Zhulynskyy, Oleksandr Bandurka, Roman Shpek, Volodymyr Bortnyk. Mykola Surgay, Volodymyr Yavorivskyy, Anton Buteyko... we consult, coordinate our work... There is already a plan for the first session. In addition to pressing organizational matters, it is necessary, without wasting any time, to consider three sets of priority questions. They are: the way of extricating the country from the deep economic crisis (fundamental

reform of the monetary-credit and tax system, taking under control foreign economic activities, issues of prices and price formation, privatization, and so on).

Another set of issues is establishing order in the country: ridding the apparat of corrupt, bureaucratic elements; curbing speculation; and tough—and real, not just lip-service—suppression of crime. And the third is control. So that the laws and decrees of the Supreme Council work, are implemented, instead of remaining, as often happens, mere declarations.

Our state is in such shape that we have no right to spend time on rallies, political quarrels, a tug-of-war. We have no time left for "rousing to action." Therefore, I appeal to my colleagues—people's deputies for whom our goals and views are not foreign, who set their sights on constructive activities and do not want to get bogged down in internal fights—to consolidate all forces for everyday painstaking, concentrated work. This what the people of Ukraine expect of the newly elected parliament.

Russia Bloc Seen Split over Speaker Election

944K1249B Kiev MOLOD UKRAYINY in Ukrainian
13 May 94 p 1

[Article by Volodymyr Prytula, staff correspondent of MOLOD UKRAYINY, under the rubric "Hello, Simferopol!": "The Chairman's First 'Victory'"]

[Text] The first session of the newly elected Supreme Council of Crimea opened on 10 May. It is not too early to say that that day saw the beginning of a new stage in the political life of the autonomous republic. And it began with a rather resounding scandal.

The monolithic Russia bloc, which holds a majority in the Crimean parliament, proved to be made of clay and full of cracks. The split was caused by disagreement over the candidates for the office of the chairman of the autonomous republic's Supreme Council. The scandal itself broke out because Serhiy Tsekov, one of the candidates for the speaker's office, connived at concealing from the public that Serhiy Kovalevskyy, a Russia bloc deputy, had a criminal record. It was learned that S. Kovalevsky had once been sentenced to eight years of imprisonment for taking part in a gang rape of a minor girl. These "revelations," which were initiated by Deputy V. Mordashov, also a Russia bloc activist, who supported V. Klychnykov, another candidate of this bloc, nonetheless ended in the victory of former People's Deputy of Ukraine Serhiy Tsekov, a physician from Saky, who now heads the Republican Movement of Crimea [RDK]. Forty-eight of 98 deputies voted for S. Tsekov, which was enough to elect him chairman of the Supreme Council of Crimea. For Crimean President Yuriy Meshkov, who supported Tsekov, this proved a Pyrrhic victory, because it led to a split in the "presidential" faction of the Russia bloc.

There were strange happenings the following day as well. RDK activists O. Melnykov and V. Mezhak, who were nominated by the newly elected speaker and whose candidacies had been approved at a meeting of Russia bloc deputies, were voted down by parliament. Undoubtedly, this local crisis in the Supreme Council of the autonomous

republic will be resolved in time. One could attribute it to the inexperience and "youthfulness" of the Crimean deputies. But some parliamentarians are already critical of their colleagues. Deputy Serhiy Shuryha, a well-known businessman from Sevastopol, told MOLOD UKRAYINA's correspondent in an interview that as things stand today, the Crimean Supreme Council in its present composition is far removed from vital economic problems and could become mired in politicking. Deputy Lilya Budzhurova, a Crimean Tatar journalist, agrees with him: "Unfortunately, the majority of the Russia bloc deputies are aggressive or simply incompetent in many matters that are of vital importance to parliamentarians." Thus the direction in which the newly elected parliament of the autonomous republic will lead the Crimea remains an open question.

Oblast Leader Favors Local Elections

944K1249A Kiev HOLOS UKRAYINY in Ukrainian
13 May 94 p 3

[Interview with Borys Klimchuk, chairman of the Volyn Oblast Council of People's Deputies, by Bohdan Bereketa under the rubric "Life of the Councils"; date and place not given: " 'You Can See Things From the Top, But Not Everything,' Said Borys Klimchuk, Chairman of the Volyn Oblast Council of People Deputies, in a Conversation with Our Correspondent"—first two paragraphs are HOLOS UKRAYINY introduction]

[Text] The rise of Borys Petrovych Klimchuk two years ago to the office of chairman of the Volyn Oblast Council was something of a surprise. A teacher by profession, he had never worked in the party nomenklatura organs... Moreover, he wears a moustache and a beard. Who ever saw such a thing—a council chairman with a beard! He was asked at the session of the council: "What do you plan to do about your beard?" Borys Petrovych replied: "If you want me to be chairman of the oblast council, I will do the job. But do not force me to get rid of my beard..."

And, you know, the beard and moustache are very becoming to him.

[Bereketa] Our conversation dealt with the elections and creating new governing structures. First and foremost, new local government organs. What does Borys Klimchuk think about this?

[Klimchuk] I believe that there should be elections. This is one way of solving the crisis in which we find ourselves. We need new people in the local administrative organs. People whom the public trusts. Let us be frank: those currently in power have lost the people's trust. New people in the governing organs means new thinking in state building.

[Bereketa] What do you think the new governing organs should be like?

[Klimchuk] There has been much talk about local self-rule during the last two years. This sounds fine in theory. In practice, however, we have never been very good at self-government. We continued functioning within the overall system of state administration based on the old

model of the councils. We need a law on governing. To put in place a mechanism for removing the council chairman from office by the corps of deputies. To enable us to retire a council chairman from government service. How do we do this? So that officials serve the people and the state. So that there are no local princelings, who take good care of themselves and of higher officials. There needs to be a clear-cut chain of authority: from the Cabinet of Ministers to the village council chairman. We must learn to submit to controls, be willing to listen to the voice of the majority, take a long-range view of our work at the local level and a long-range view of the development of the Ukrainian state. In forming the new governing structures, we must ensure that there is a clear-cut division of powers and no double subordination.

[Bereketa] What is your attitude to the institution of the presidential representative?

[Klimchuk] I think that this innovation no longer serves a purpose. For a certain period of time, this was a good idea, but it was not as successful as it should have been. The presidential representatives in the oblasts and rayons became something in the nature of executive committees: they became involved in solving petty, everyday problems. But there were no structures to oversee and correct their activities. Obviously, we could create some sort of local bodies to oversee compliance with the law. Because, in all honesty, virtually no one is currently performing any supervisory functions. If an official has a conscience and a sense of responsibility, he does some good work. If he lacks these qualities, he does nothing. We have to admit that work in the state structures has become prestigious and provides some benefits. If it were up to me, I would establish a contract system for state officials. We should take everything we can from these people and then some. Our times require that kind of work. At all levels. I do not like it when people cite all sorts of circumstances which allegedly prevent them from doing their jobs.

[Bereketa] There has lately been a great deal of discussion about what kind of state Ukraine should be...

[Klimchuk] I support those who believe that Ukraine should be a unitary state. Only in a unitary state will we be able to conduct the necessary economic reforms. As far as I am concerned, we should throw the word "federalism" out of our vocabulary. Nor does it make sense to play incomprehensible games with certain regions, promising them greater powers. The regions of a single state must not be divided into sovereign principalities. We have our Ukraine, and we must all care for it in equal fashion.

[Bereketa] How would you describe Volyn's contribution to the economic development of Ukraine? Can we do more than we are doing?

[Klimchuk] Volyn is a unique kind of border oblast. I would even call it Ukraine's gateway to Europe. We have manpower resources. We are rich in lakes and forests. We have bread, meat... You know, just a few years ago, people

used to ask indignantly: "Who ate our meat?" And now they ask: "Who will eat our meat?" We have a great deal to sell and trade. But the expansion of our external economic relations is being hampered by our ineffective system of currency regulation and the fact that our normative documents are flawed. That is why we place our hopes in the new government and in the new laws that will force our economy to work without all sorts of "isms."

[Bereketa] Borys Petrovych, you recently agreed to run [again] for the office of chairman of the oblast council of people's deputies. I have in mind in the new elections. Are you not afraid?

[Klimchuk] No. Generally speaking, we should not be afraid of elections. Nor of the new people who will come to the oblast council. The popular filter is effective and very fine. Of course, anything can happen. But I believe that the Volynians will elect worthy people. I myself am not very fearful by nature; I live for the future. I am already putting together a new team for the oblast council. You'll tell me that I'm way ahead of myself... Perhaps. But somebody will find use for my experience.

[Bereketa] What, in your opinion, are the most important problems that need to be solved by local government in Volyn?

[Klimchuk] This is not an easy question. But since you ask, let me say something about the problem of families with many children. Just imagine, our oblast has nearly 20,000 families with three to ten and more children. Last year, we closed down 10 kindergartens. We have 35 physicians per 10,000 residents. The situation with respect to medical care is especially critical in the rayons that have been contaminated with radiation. We are managing on our own somehow, but this is an issue of national significance. The birth rate in Polissya is falling. This is a dangerous situation. Yet those in the highest echelons of government do not seem to be concerned. That is why I believe that one of the main tasks facing local government organs is ensuring the largest possible tax base. Governing requires money. And families with many children are in great need of assistance.

[Bereketa] Let us imagine that you have been elected chairman of the new oblast council. What kind of powers would you like to have?

[Klimchuk] To be able to veto the decisions of lower-level governing organs. To have the decision of the council chairman accepted without further discussion. Unconditional execution. Less talk and more action. We have had more than enough collective irresponsibility; there is a need for personal accountability. The people have elected you, they trust you, then, by all means, be accountable to them and the state.

[Bereketa] What would you like to wish the new members of the new local government structures?

[Klimchuk] To believe in themselves and in our Ukraine.

Saburov Views Crimea Situation

944K1226A Moscow KULTURA in Russian
No 17, 7 May 94 p 3

[Interview with Yevgeniy Saburov, head of the Crimean cabinet, by L. Kononova; place and date not given: "The Flag-Waving Begins When the Money Comes To Be Shared Out"]

[Text] Some political scientists have evaluated as an act which is unprecedented in terms of personal courage and unpredictable in its consequences the consent of Yevgeniy Saburov (deputy prime minister and minister of economics in the I. Silayev government and director of the Center for Information and Social Technology under the present government) to head Crimea's ministerial cabinet. On 11 March of this year the Supreme Soviet of the Republic of Crimea confirmed Ye. Saburov as head of the Crimean Government. What are the first results of the activity of the new cabinet? How is the political and economic situation in Crimea developing? This was the subject of our discussion with Yevgeniy Fedorovich Saburov.

[Kononova] Yevgeniy Fedorovich, what did you find attractive in Crimean President Yu. Meshkov's offer of the post of head of the cabinet? Which of the difficulties that you have encountered in your first month of work have come as a surprise to you?

[Saburov] This invitation attracted me primarily by the possibility of the realization in practice of the ideas and principles of the implementation of economic reforms which seem to me paramount.

In my view, it is extraordinarily important that a democratic government pursue its reforms with a view to the populace. That it not play at being some omniscient guru who has endeavored by his shamanistic incantations of the Phillips' Curve or monetarist theory type to evoke the spirit of capitalism on the sinful land and serve it up to the ignoramuses surrounding him but implement reforms openly, explaining to people and coordinating with them his every action.

As far as the difficulties I have encountered are concerned, there have, I must confess, been no particular surprises. Everything was, essentially, expected. The only thing I did not expect was the weakness of the Ukrainian Government. A strong government that knows what it wants expresses this, as a rule, and it is possible to come to terms with it on some matters. A weak government changes its views three times a day, is in a state of continual mild hysteria, is not sure that it will be there tomorrow, and does not know how to shore up its positions. Coming to terms with such a government is absolutely impossible. Even here, in Russia, I heard from friends negotiating with various states: The negotiations with Ukraine are the worst since it is absolutely incomprehensible what they want. The point is that there never was Ukrainian statehood, it has emerged for the first time. And this concept itself is at this time in an absolutely infantile state, no one has the faintest idea what this means. As a result Ukraine is erecting prohibitory barriers where they have never been erected by the Baltic or Western countries, but is at the same time doing some things such as though there were

still a State Planning Committee and it were possible to go to it with any purchase orders. Something quite childlike and unstructured shows through in all things, and because of this things are quite unpredictable. It is extraordinarily difficult working under such conditions.

[Kononova] And what is the extent of your independence, Crimea's independence?

[Saburov] Formally, according to the laws of Ukraine, Crimea is extraordinarily independent. In fact, however, each action of Crimea's causes great confusion in the leadership of Ukraine. We constantly encounter: "If we authorize this for you, what would our Lvov nationalists say." When you say: "You authorized this a long time ago, here are the papers," you hear in response: "Yes, we wrote this, but never thought that this is how it would actually be."

We, however, will insist on fulfillment of the law on the delineation of powers between Kiev and Simferopol. This is a Ukrainian law, the deputies passed it themselves, let it now be fulfilled.

Of course, there is also ill will, and there are simple natural enemies of Crimea. There is a part of the government which would not, generally, have any objections, but is afraid of the bad example for other oblasts, is afraid of a division of the state. And this is understandable. There are, finally, yet others who are simply nobodies and who are worried by just one thing—that their chair will be knocked from under them. And these people are the most frightening.

[Kononova] I realize that a comparison is improper, nonetheless, Valentin Fedorov went to Sakhalin not that long ago, promising to score inconceivable economic successes there. We know how it all ended. What have you really managed to achieve? What kind of mark would you give yourself for the six weeks of work?

[Saburov] Crimea is not Sakhalin, and I am not Fedorov. There can, truly, be absolutely no comparison here.

It is still too early to give any marks. There is essentially no government yet even. Yes, I have been confirmed by the Supreme Soviet of Crimea, but all the rest of the government is as before, and it is not working, what is more, and a new one has not been appointed. Only now have the first appointments been made. And only the upper stratum has been appointed at that, but everything at the bottom needs to be changed also. Real work has been slowed considerably. Everything is only just beginning at this time.

[Kononova] You had an opportunity to form your own team?

[Saburov] I sharply protest this very word "team." Please understand that the economy and state administration are not a football. It was those who came to play at state administration that put this word in circulation. Let them busy themselves with teams and players. I, on the other hand, am inviting specialists who are not bound among themselves by any friendly relations and who have taken no oaths at a soccer match. They are various sorts of people. Each of which is a specialist in his field. There is just one principle of personnel selection—professional. Not party, not friendship, not some other.

Have I succeeded in enlisting proper professionals? In some positions, yes, in others, no. The pay is, to be frank, beggarly, and not everyone will come for this. Those who really want to show what they are capable of and to test their ideas in practice will.

[Kononova] Come from where?

[Saburov] From Moscow, Petersburg, Zaporozhye. From various places.

[Kononova] You do not wish to mention the actual names?

[Saburov] I can cite the names only of those who have already been appointed. They are Muscovites, in the main, people with whom there was from the outset a firm agreement that they would come. Andrey Vasilyevich Chernyavskiy, minister of economics. Lyudmila Mikhaylovna Zaytseva, minister of finance. Viktor Nikolayevich Remyko, Committee for Foreign Economic Relations. Anatoliy Romanovich Franchuk, minister for the administration of state-run enterprises, has already been appointed. He was a member of the previous government, that is, we are preserving a certain continuity. This position needs a person who enjoys authority among the directors.

[Kononova] Yevgeniy Fedorovich, you are constantly saying that Crimea's economy is strongly tied to that of Russia and oriented toward Russian sales markets. To what extent are politics getting in the way of economics? Is the situation concerning the shareout of the Black Sea Fleet being reflected in the activity of Crimea in some way?

[Saburov] The Black Sea Fleet situation is a question of who will get the money from the sale of old ships. There is no politics here. Dough is being shared out.

[Kononova] Nonetheless, do you have any wishes you would care to address to Russian and Ukrainian politicians?

[Saburov] One wish: that they not be so avaricious. On account of their own greed, both sides have simply paralyzed themselves. Ukraine is distinguished by particular avarice, of course. This is the "I wouldn't eat it but I'll take a bite" from the celebrated story. This is not a story, simply the truth. "I won't eat it myself nor will I give it to anyone else." Everyone is afraid of making a miscalculation. They are arguing about the rent, about who the decommissioned ships should be turned over to for scrap. This is good money. There is flag-waving only when money is being shared out.

[Kononova] And what is your view of Nursultan Nazarbayev's idea of the creation of a Eurasian Union?

[Saburov] Some newspapers have written that Nazarbayev is reiterating Saburov's idea. I disagree with this assertion altogether, Nazarbayev's ideas are quite independent. But I truly am a supporter of the creation of such a union. But for its creation we all need to be a little more civilized. It should be remembered that the logic: mine is mine, and yours is also mine, is no use here. Sharing is essential. After all, Nazarbayev also initially "fell" on Baykonur, but then realized that he was not up to it, that maintaining it by himself would be difficult. This is why such ideas arise: I

cannot finance all these things myself, I need Russia, I need some money. Russia is somewhat richer.

They say, generally, you know, when it is a question of some crime or someone's unexpected behavior: "cherchez la femme, look for the woman." This is the clue. So here, when high politics begins, there is a different clue: look for the money. Everything is connected with this. This is, as the ordinary folk say, an economic issue.

Why was Yuriy Meshkov, the president of Crimea, not admitted to the negotiations between Ukraine and Russia apropos the fleet? Crimea has every right to take part in these negotiations, the fleet's bases are on its territory. No, he was elbowed aside, suppose he also requested something or other. It is shameful, dear leaders, availing yourselves of Crimean land and trying to fool the Crimeans. It was not Meshkov who disgraced himself in wanting to take part in these negotiations, it was those who refused to admit him to them who disgraced themselves, demonstrating to the world their selfish interests.

[Kononova] Yevgeniy Fedorovich, you have dual citizenship, and you remain the research leader at the center where you have been working in recent years. Does this mean that you are unwilling to burn all your bridges?

[Saburov] Yes, I remain a Russian citizen. And if my powers and knowledge are needed by the Russian Government, I am always at its disposal. Leadership of the center, search for the Russian economy's escape from the crisis, and the reforms being implemented here will remain for me just as urgent as before.

[Kononova] From Crimea our reforms are seen as being....

[Saburov] ...considerably better than from Russia. And Chernomyrdin is altogether pursuing a pretty good economic policy at this time, in my view. Pretty good. Technically competent. He is not, at least, behaving like a bull in a china shop. He has shown that we need to know how to work, not live by statements and declarations.

[Kononova] And the final question. What can you tell Russians who had been accustomed to spending their summer vacations in Crimea?

[Saburov] Come. We await you. It is quiet, tranquil, provincial here. We will do everything necessary. Crimea's resorts are at your service.

We are now negotiating and organizing in Moscow a Crimea tourist agency. Here we will tell you everything: what passes are available, where they are valid, how much they cost, how they can be purchased. So come without fail.

[Kononova] Thank you.

ECONOMIC AFFAIRS

Presidential Edict on Nuclear Industry Blasted

Ministry Officials Cite Faults

944K1223A Kiev ZELENYI SVIT in Ukrainian No 6, Apr 94 p 1

[Open letter to Leonid Kravchuk, president of Ukraine, from H. Hotovchyts and other officials: "Mr. President! Put a Stop to a New Chernobyl!"]

[Text] Dear Leonid Makarovych!

We feel compelled to write to you concerning Edict NO. 64/94 "On Urgent Measures Regarding the Development of Nuclear Power Engineering and the Formation of the Nuclear Power Cycle in Ukraine"—an Edict signed by you and dated 23 February 1994. It must be acknowledged that this Edict was not coordinated or reconciled with the departments concerned, and this has led to several contradictions between its provisions and the legislation now in effect. This fact has also led—correspondingly—to the impossibility of carrying out certain decisions.

First of all, that part of the Edict which pertains to the burial of radioactive wastes contradicts the "Concepts of the State Regulation of the Safety and Administration of the Nuclear Industrial Sector in Ukraine," as adopted by the Ukrainian Supreme Council on 25 January 1994.

The principal questions in this problem concern the burial of radioactive wastes. In the "Concepts..." adopted by the Supreme Council, as well as in the draft laws "On the Utilization of Nuclear Power and Radiation Protection" and "On Safety Procedures With Radioactive Wastes," which were officially submitted by the Cabinet of Ministers to the Supreme Council for examination and consideration, it is specified that the utilization of nuclear power and the burial of wastes are to be carried out based on the principle of delimitation between these sectors of activity.

Nor can we deem feasible the instructions with regard to the tasks of creating a medical-sanitation administration within the Derzhkomatom [State Committee on Nuclear Power] and subordinating the medical-sanitation sections of the AES's [nuclear power stations] to it, for this would violate the existing system of health care in Ukraine and would inflict substantial damage to those measures which are carried out in direct subordination to the Ukrainian Ministry of Health, taking into account the existing shortcomings, as well as the practical experience gained in eliminating the consequences of the accident at the Chernobyl AES.

The Derzhatomnahlyad [State Committee on Nuclear Power Oversight] cannot provide for or ensure the execution of measures regarding the modernization of existing AES units or put new power units into operation because—in accordance with the Government's decrees—it is a regulatory and oversight organ in the sphere of utilizing nuclear power. What we need is more detailed study and grounds for justifying the possibility of putting another power unit of the Chernobyl AES into operation in 1995.

We must likewise take into account the fact that any decisions regarding the introduction of new power units at existing AES's and the organization of new enterprises for processing uranium can be adopted only after appropriate expert opinions have been rendered and reconciled with the regulatory and monitoring organs.

There are several other observations to be made with regard to the above-mentioned Edict. Therefore, taking into consideration the factors cited by us here, we request that you rescind this Edict and send it back for further work and reconciliation by the departments concerned.

[Signed] H. Hotovchyts, Ukrainian Ministry for Protection of the Population from the Aftermath of Chernobyl

[Signed] Yu. Spizhenko, Ukrainian Ministry of Health
M. Shteynberg, Derzhatomnahlyad
Yu. Kostenko, Ministry of Environmental Protection

Former Nuclear Power Official Comments

944K1223B Kiev ZELENYY SVIT in Ukrainian No 6, Apr 94 p 3

[Interview with Heorhiy Kopchynskyy, former first deputy chairman, Derzhkomnahlyad (State Committee on Nuclear Power Oversight), by A. Panov, correspondent: "Nuclear Power Engineering Has No Right To Exist if It Is Unsafe for People's Lives!"; place and date not given]

[Text]

[Panov] You and I have known each other for a long time, since 1974—when you came to work at the Technical Administration of the Ukrainian Ministry of Energy and Electrification. And later all I heard about you concerned your precipitous upward flight to the country's highest echelon of power—the CPSU Central Committee and the USSR Council of Ministers.

[Kopchynskyy] I started out at the Physics Institute of the Ukrainian SSR Academy of Sciences, then I moved to the Ministry of Energy and Electrification, and in 1976 I was sent to the Chernobyl AES, at first in the post of deputy chief engineer for scientific matters, and then—for operations. I took part in the start-up of the first units there. Then I worked for three years as director of the Smolensk AES, and in 1983 I was transferred to the post of chief of the Nuclear Power Engineering Sector under the Department of Heavy Industry and Power Engineering within the CPSU Central Committee. After M. Gorbachev did away with the sectorial departments within the CPSU Central Committee, I moved over to the post of chief of the Department of Nuclear Power Engineering and Industry under the USSR Council of Ministers. My sphere of competence there encompassed all the facilities engaged in nuclear power engineering, including the gigantic centers of the USSR Ministry of Medium Machine Building and the USSR Academy of Sciences. In 1991 I returned to Kiev. This decision took a long time to ripen within me, but with the disintegration of the Soviet Union made it final.

[Panov] Did you know about the activity of the "Greens" in Ukraine?

[Kopchynskyy] I certainly did. This was one of the reasons why I began to devote more time and effort to studying safety problems at AES's. The principal reason was, of course, the Chernobyl catastrophe, as well as the continued, conscious yearning to develop nuclear power construction at any price. If you recall, even after the Chernobyl disaster and the shutting down of the Crimean, Odessa, and Kharkov AES's, the people at the State Plan insisted on a figure of 36 million kilowatts of nuclear capacity in Ukraine. A group of scientists at the Ukrainian SSR Academy of Sciences headed up by B. Paton requested that this figure be lowered to 28 million; whereas the "Greens" insisted on a moratorium. The then deputy

chairman of the Ukrainian SSR Council of Ministers, V. Hladush, the minister of energy and electrification, V. Sklyarov, and I endeavored to persuade the people at the State Plan that it could not ignore public opinion and that this could lead to unforeseen consequences. Unfortunately, most of the highly placed persons in Moscow failed to understand this; they behaved incorrectly in their relations with people, and this simply caused an outcry. The habit of a command style, secrecy, and a certain conscious exclusivity could not be overcome even by Chernobyl. Nobody wanted to consciously acknowledge that the nuclear power people were to blame for Chernobyl and that exerting pressure on public opinion had no future prospects.

[Panov] Today the president of Ukraine has signed an Edict on the development of nuclear power engineering without a public discussion on the matter; it even bears the designation "Not for Press Release." Doesn't it seem to you that this is a return to the old days?....

[Kopchynskyy] I don't think that this was done on the president's initiative. More likely it was activated by certain departmental structures with the active support of certain officials from the apparatus of the Cabinet of Ministers. But as to a return to the old days, this situation certainly is very reminiscent of the pre-perestroika period, when safety problems were put on the back burner. What was put on the front burner was kilowatt-hours. Come on, come on, let's have more and more.... There was a demand for increasing capacity no matter what the price. And this tendency is now manifesting itself in Ukraine—all nuclear matters are to be gathered into one pair of hands, everything kept behind a curtain of secrecy, decisions made without coordination or reconciliation with specialists and with the general public. I have observed this tendency over the course of a year, and the decision with regard to Chernobyl was a serious argument for submitting my resignation.

[Panov] It's a well-known fact that construction of the Chernobyl AES was carried out at an intensive pace: The builders were hounded, and the units had to be started up as soon as possible. And so how do you assess the quality of this construction?

[Kopchynskyy] Of course, there were problems, but the quality of the construction at the Chernobyl AES was far from ranking last in comparison with certain other nuclear power stations. The construction chief, A. Klyzma, was a wonderful leader, and V. Bryukhanov was a high-principled director; he was not afraid to argue with his superiors. But the RBMK [uranium-graphite, heterogeneous, single-loop, boiling-water reactor] units themselves were too heavy from the viewpoint of physics, thermohydraulics, and dynamics. The construction of the safety systems in the design of these facilities was inferior. The safety and control systems were solved in an academically incorrect manner. On the whole, the level of safety standards here in our country is significantly lower than in the West. Nowhere abroad is there such a cavalier-type attitude toward the positive effect of the capacity to react in a timely and efficient manner as there is in our country.

[Panov] But how did it happen that—when the Supreme Council adopted the decision to lift the moratorium and continue operations at the Chernobyl AES—there were essentially no opponents, nor was there a principled approach to this matter on the part of the Derzhatomnahlyad?

[Kopchynskyy] The fact of the matter was that we were not even forewarned that such a decision was about to be taken, and at the previous session of the Supreme Council Presidium nobody spoke except for Derzhatom. Neither the Derzhatomnahlyad, nor the Ministry of Environmental Protection, nor the Ministry of Health. There was a tendency.... And at the session of the Supreme Council itself nobody was interested in listening to opponents. There was a clamor, and that was all there was to it.

We submitted several notes to the Cabinet of Ministers and to the president in which we expressed our opinion. It boiled down to this: During the wintertime maximum utilization of power it was impossible to shut Chernobyl down, but after the winter this must be done. It should be done gradually, as other, alternative capacities come on line. But when the motion was made to revive Unit No. 2 at the Chernobyl AES, this became utterly incomprehensible. Why was it necessary to do so? This unit is an old one, and the safety systems are insufficient. Furthermore, we have no problems of power-generating capacities at present. There is no need for additional electric power because the economy is in a state of crisis. All this attests to the fact that what is a work here is a consciously exerted pressure; the government is returning to its old-time procedures.

[Panov] Heorhiy Oleksiyovych, here in Kiev you held a solid post as first deputy chief of the Derzhatomnahlyad. Just what was it—after all—that made you leave it?

[Kopchynskyy] That's a long story, Anatoliy Mykhaylovych, and quite a complicated one. When the USSR Derzhatomnahlyad was created in 1984, there were many obstacles from various quarters. We had to struggle and to prove that such a committee was necessary. Because, you know, prior to this there had been only departmental monitoring controls; the attitude toward the problems of nuclear safety was—to put it mildly—cavalierish. I was badly bruised along this path and was frequently in conflict-type situations. Then the Chernobyl catastrophe occurred, and after that—after the initial shock had worn off—the leading officials of the Union-level departments again manifested the same old tendency to belittle safety problems; it became evident that there was a return to the old ways. I decided to move to Ukraine and to attempt to accomplish something here. The chief of the Ukrainian Derzhatomnahlyad, M. Shetyenberg, and I reached a mutual understanding, and we set to work. We prepared draft laws on radiation protection and the use of nuclear power, a program for building up the infrastructure of nuclear power engineering, a whole series of normative documents, and various proposals regarding the modernization reconstruction of AES's. In time, however, it became obvious that the Government leaders had begun to look askance in our direction; they were beginning to express the thought that the main thing for Ukraine nowadays was to survive. It was evident that that the organ

for the state regulation of safety at AES's was becoming a burden for these leaders. We ceased to be invited to deliberations where the fate of nuclear power engineering was being decided. All our endeavors to create a safety system based on world approaches evoked active opposition from the government. The final straw in this matter was the decision to continue operations at the Chernobyl AES. I decided that I had had enough. I don't want to remain in a 1986-type situation anymore. I went through a great deal that year, superhuman pressure—psychological, physical, and moral. I was hounded by the following thoughts: What had happened and why? What must be done to make sure that such things do not happen again?...

I don't want to remain anymore in such a situation. I don't wish to be in the Ukrainian Derzhatomnahlyad if all the decisions are being made without it, if these decisions contradict that concept of safety which should prevail in Ukraine—a country where the greatest technical-type catastrophe in the history of humankind occurred.

We must be ensured and re-ensured against any such catastrophes. Nuclear power engineering does not have the right to exist if it is unsafe for people's lives.

I don't want to bear responsibility for the Supreme Council and the Government of Ukraine. Therefore, I decided to leave.

I have never maintained that nuclear power engineering is completely unnecessary. But I am categorically opposed to a lack of responsibility and a conscious lack of principles on the part of the departments concerned.

Chernyak on 'Misguided' Privatization Efforts

944K1234A Kiev NEZAVISIMOST in Russian
6 May 94 p 3

[Article by Volodymyr Chernyak, doctor of economic sciences, professor: "Privatization or Collectivization?"]

[Text] It is impossible to find a single method of privatization for all enterprises. As world experience indicates, it is necessary to designate various groups of enterprises and apply different methods to them. Everywhere that privatization has occurred, a combination of forms took place. State property is privatized through vouchers, redemption, and auctions. In Ukraine it is planned to conduct privatization principally (or even exclusively) with the certificate method. Are we going our own way?

Privatization can be conducted by the direct method (for cash and credit resources) and with vouchers (coupons, certificates)—free of charge, or at a low price (as in the Czech Republic). It must be noted that privatization that is free of charge is not such a simple and easy solution, as some naively think. It accelerates privatization, but it produces less significant results, for it does not attract additional capital, it diffuses stocks, and it complicates the management of property.

Large enterprises are privatized by means of vouchers. Poland's experience indicates that the best method of privatizing large enterprises is their transformation into joint-stock companies and the sale of stock on the securities market.

Small-scale privatization in the Czech Republic, Poland, and Hungary was carried out through auctions of stores, restaurants, dining halls, hotels, and workshops. It is fundamental that the center initiated small-scale privatization, but it was implemented by regional organs.

Public auctions were the main method of small-scale privatization, and large-scale privatization—open conversion to joint-stock companies. Those who want to buy propose privatization projects. A competition of projects occurs, whose criteria of evaluation are quality and availability of financial support. Obviously, large-scale privatization in Ukraine without large investment funds and foreign capital is unrealistic. On the other hand, if privatized enterprises do not operate successfully, then a crash of privatized funds is inevitable, inasmuch as they will not be able to pay dividends.

As world practice shows, the privileges of a labor collective in the process of privatization are unsuitable. In the Czech Republic no one received special privileges. The trade unions demanded special rights for the labor collectives, and even threatened to go on strike, but no privileges were given to labor collectives. The only thing the workers received was credit for the purchase of enterprises on condition of a high-quality privatization project. The Ukrainian model of privatization envisions privileges for the labor collective and managers of enterprises. Are we again taking another path?

World privatization experience indicates that the redemption of an enterprise by a labor collective is not feasible and ineffective. It is not privatization "in the true sense of the word." In Chile enterprises were privatized through redemption by a labor collective, but they went bankrupt, and the state bought them out and subsequently privatized them. In enterprises that are redeemed by a collective, as a rule, innovations and investments are lacking, and the predominant part of profits goes to the wage fund... It is not difficult to forecast that if we take the path of a transfer of enterprises to labor collectives, the problem of bankruptcy and re-privatization will inevitably arise.

Ukraine is implementing privatization by means of pre-privatization measures; i.e., it is taking not a direct but a roundabout path. Moreover, pre-privatization measures are treated as privatization intentionally or through misunderstanding. Commercialization, incorporation, leasing, closed conversion to a joint-stock company, and redemption by a labor collective are still not privatization but a complex of pre-privatization measures. The stock of a closed joint-stock company cannot be sold—it is not liquid. If there is no right of ownership to a part of property—this means that there is no private property. What is occurring in Ukraine is collectivization, not privatization.

The opinion exists that the only possible and strictly Ukrainian path of privatization is leasing. What can be said in this regard? Leasing property is not excluded, but it should be associated with a search for investors. In our country, leasing hampers privatization. Leasing is destitution in the framework of state property, and it can only be discussed within the framework of pre-privatization

measures. The lease contract expires the day of full privatization. The privileges of the leasing collective consist only in the fact that it knows its enterprise well and that it can propose the kind of privatization project that will win in a competition.

In many countries a serious problem of privatization crediting exists. Credits for those who desire to take part in privatization are extended by commercial banks. Without a bank reference, it is impossible to take part in an auction or competition of projects. In the Czech Republic, 10 percent (40 billion krona) of the total sum of credit resources of the country were allocated under privatization. Ukraine does not have any real credit resources, and its most severe problem is lack of capital. In this connection, the creation and development of a credit resources market and a securities market is of vitally important significance.

In the process of privatization, the search for a real property owner and a strategic investor who proposes a strategic plan for development of an enterprise and finances is of decisive significance. Investment banks, funds and companies, insurance funds, joint-stock companies, and physical persons perform the role of such an investor. A majority of enterprises of Ukraine are not competitively capable, in connection with which it is necessary to make capital investments. A strong investor is needed who will invest resources and improve the financial situation. In our country commercial banks most of all could be such investors.

It must be clearly realized: Without a resolution of the question of the strategic investor, privatization in Ukraine will be reduced to collectivization.

Foreign Economic Relations Specialist on Economic Union Disadvantages

944K1243A Kiev BIZNES in Russian No 18,
10 May 94 pp 1-2

[Interview with Pavel Petrenko, chief specialist of the Department of Foreign Economic Relations of the Cabinet of Ministers of Ukraine, conducted by Volodymyr Oleynik; place and date not given: "Ukraine Will Have No Luck in the Economic Union in the Form in Which It Exists Today"]

[Text] In connection with the session of the newly elected Supreme Council of Ukraine and the election claims on the office of president of the state, the question of the expediency of Ukraine's participation in the CIS Economic Union has been overshadowed somewhat. But unfortunately so since, as specialists believe, Ukraine could lose in it more than it finds.

Well, judge for yourselves. We offer for your attention our correspondent's interview with Pavel Petrenko, chief specialist of the Department of Foreign Economic Relations of the Cabinet of Ministers of Ukraine.

[Oleynik] So Ukraine is an associate member of the CIS Economic Union. May it be hoped that many problems of economic disintegration will now be overcome more successfully?

[Petrenko] If we attempt to avoid emotions and operate only with facts and intellect based on strict economic realities, the situation is defined as follows. The development of the CIS Economic Union in the interests of all its participants, as the treaty declares, will depend primarily on the possibilities and readiness for cooperation of the participants, first and foremost on the national systems of the management of foreign economic relations.

An analysis of the treaty testifies that the majority of its articles do not, to put it mildly, coincide with the interests of the people of Ukraine. In the legal respect, for example, the treaty is not adjusted and requires an enormous amount of supplementary exegesis and clarification. This state of affairs automatically enables one of the strongest parties to the treaty to immediately avail itself of these lacunae, which promise Ukraine nothing but losses.

The rights and obligations of Ukraine in the treaty are not balanced or weighed. It is not at all clear how Ukraine's banks will participate in the shaping of currency-financial and banking legislation of the Economic Union. It may be forecast even now, therefore, that realization of the treaty will undoubtedly have ambiguous consequences for Ukraine and its trading partners not only on a CIS scale. This applies primarily to the spheres of the so-called "four freedoms" which were determined by the Treaty of Rome of the countries of the European Union: free movement of goods, services, manpower, and capital.

[Oleynik] Does it not seem to you that realization of the terms of the treaty in the deformed space of the CIS, hopelessly backward in the legal and technical-economic respect and not even remotely reminiscent of the former Union space, is simply unrealistic?

[Petrenko] I am sure it is, unfortunately. The preamble to the treaty even speaks of the formation and development of a common economic space. And an attempt is made even to decipher these terms.

Article 3, say, specifies the free movement of goods, a coordinated tax, price, foreign economic, and customs policy, and the harmonized economic legislation of the Contracting Parties. But what is meant by this free movement of goods, primarily for Ukraine? If we are guided by the treaty, Ukraine is required to provide for the unimpeded transit across its territory of goods from the customs territories of other countries of the Economic Union or any third country. That is, Ukraine will once again be left with precious little, as it was in the times of the USSR.

Free trade does not, incidentally, prevent the importation into Ukraine of commodities exerting a negative influence on its environment. No provision is made together with the abolition of tariff and nontariff regulation and the lowering and elimination of duty, taxes, and charges for the preservation of quota-determination for commodity imports and exports. For Ukraine such a state of affairs—Viktor Pynzenyk is absolutely right here, incidentally—is unequivocally disadvantageous inasmuch as it has a negative balance of payments with Russia.

[Oleynik] The treaty provides for concealed tariffs on materials-handling operations. As experts maintain, it is in fact a question of regulation of the rate of profit of

Ukrainian transport enterprises. They note the improper formulation of the question of the parties' "common customs tariff" and the "coordination of the participants' foreign economic trade."

[Petrenko] The disastrous consequences for Ukraine, as an independent subject of foreign economic activity which is only just attempting to plug its national economy into the system of the world economy, are obvious in this respect. If we keep to the letter of the treaty, the doors to the market of European states will be closed even more tightly to Ukraine. And, believe me, we will be guaranteed technical and technological backwardness even longer.

According to Article 7, the parties "will pursue a coordinated policy in the sphere of the development of transport and communications geared to the efficient transportation of freight." It is a question, of course, of freight that is shipped via Ukraine. It is reasonable to ask: Why is particular emphasis being put (for the umpteenth time) on the transport system? The answer lies right there on the surface—thanks to exploitation of Ukraine's transport systems and enterprises and the elimination of taxes and charges on freight (Articles 5 and 6) that is conveyed across our borders, the parties to the treaty will strengthen the economy of their states at our expense.

And what price the explanations in Article 9 to the effect that the parties "will undertake without mutual concordance unilateral actions of a noneconomic nature to restrict access to their markets." How is the term "of a noneconomic nature" to be qualified? Economics, just like nature, does not have things that are purely independent of something or other or of consequences. Who has computed what restricted access to CIS markets of its rolled metal and machine-building and chemical products would cost Ukraine? Thus Ukraine is on the one hand a subscriber to the treaty, on the other, sanctions of a "noneconomic nature," which would inevitably entail not only financial but also social difficulties, could be applied to it.

[Oleynik] How are we, from the viewpoint of an independent state, to understand Article 13, which says that "...The Parties will coordinate their investment policy... in sectors of mutual interest."

[Petrenko] We could agree to this were we to forget that the imperial system of management in Ukraine bled the national economy white, leaving us a deformed structure of industry. But we would then have to forget about the main assignment of the current and prospective development of the economy of Ukraine—a reorganization of its economic structure for the needs of the populace.

Articles 14 and 15 speak of the creation of an interstate free trade association, according to which the Ukrainian currency would belong to a multi-currency system, and the Russian ruble would be detached as something intermediate between multi- and mono-currency systems. We are talking about the formation of a currency union which is to provide for mutual settlements based on a common (reserve) currency. It is not hard to foresee that the functioning of the currency union will ensure only the stability of the ruble, and the national currencies of the

other states will be working concertedly for the accomplishment of the goals identified by the "ruble" currency union.

And Article 16 proposes the creation of a payments union, which would provide for payments in the national currencies via multilateral clearing in the Interstate Bank of the CIS. This union is intended for the achievement of the full convertibility of the currencies as integration processes intensify and would necessarily be transformed into a unified currency system. It is clear even to the nonspecialist that we are talking about the restoration of the Soviet settlements system.

[Oleynik] But perhaps these are, indeed, merely proposals?

[Petrenko] An analysis of the treaty testifies that the ultimate goal of the Economic Union is gradual deprivation of the independent states first of economic, then of political levers. The proposed methods and principles of the formation of a currency and monetary system among the states of the CIS are not news, incidentally. They existed at the time of the Council for Economic Mutual Assistance, but in this case the authors of the treaty took account of the CEMA omissions. The mechanism of mutual settlements and influence on the economy of the participants in the CIS Economic Union which has been created blocks as much as possible the structural reorganization of Ukraine. This is evident from the content of Articles 17 and 18, which "guarantee" for the Ukrainian currency a Procrustean bed until such time as the Russian ruble becomes fully convertible. Only after this, if we have not lost the state by this time, will it be possible to commence structural transformations of the economy, but this will be many times harder to do than now.

[Oleynik] And what will guarantee the standardization of the tax system of the participants in the Economic Union, which presupposes a common mechanism of taxes and tax rates?

[Petrenko] Harmonization of tax policy based on a unity of methodology of consideration of production costs is required of the parties to the treaty. Article 29 proposes for this the creation of common executive and coordinating institutions. What does this mean? That we have, in fact, to give up our own tax system, which is essential for strengthening our economy, and hand over the planning of all processes of economic life to supra-state executive and coordinating institutions.

In addition, the Economic Union specifies that within the framework of the treaty the leadership of the states' foreign economic relations shall be exercised by a discrete organ of administration. It should be expected that it will in time be accorded the functions of central organ of planning of the CIS states in the sphere of foreign economic activity. The performance of the said functions will inevitably entail the creation of a vast bureaucracy, and a great deal of money will be spent on this. At the same time, on the other hand, Russia has thus far blocked all questions concerning the shareout of assets earned together, the gold and currency reserves, the Black Sea Fleet, and such.

Thus the Economic Council in the form in which it exists today and in which Ukraine has already agreed to participate with associate-member status will accomplish the intentions of the neo-allies and deliver a crushing blow to the sovereignty of Ukraine. Following which it will take us a long time to approach even today's level of political and economic independence.

Profits Tax Advocated

944K1227A Donetsk DONBASS in Russian
13 May 94 p 1

[Article by Nikolay Ryaboshapka: "Reconciling Wages With Profits"]

[Text] As of today, the main tax for production enterprises is the income tax, which enterprise directors do not like. Usually countries with a market economy have a tax on profits. In ratifying the Law on Taxation of Income, the Supreme Council took into consideration the fact that over the period the Law on Taxation of Profits was effective in Ukraine, our businessmen understated profits, converting them to wages.

Would it not be more advisable to introduce in Ukraine, instead of a tax on income, a tax on profits? Such a step would be more advantageous both for foreign investors and for many of our country's enterprises—primarily state enterprises, which specialize in the production of traditionally labor-intensive output. Today they are forced to pay higher taxes on income than enterprises whose production output does not relate to labor-intensive sectors. Enterprises of the coal and metallurgy industries therefore find themselves in an unfavorable situation, while those of light industry (where wages comprise a significantly lower proportion of the producer cost structure than in the above-mentioned sectors) are in a more favorable situation. If we shift to a system of taxation of profits, all enterprises will then be operating under the same conditions. Bearing in mind Ukraine's experience with the effects of this method of taxation in 1992, however, it is necessary to introduce a new method and mechanism for collecting this tax.

Thanks to studies conducted over the course of 25 years (from 1965 through 1990) on the problem of the machine-building complex of Ukraine, the following rule was discovered: There exists a stable, approximately 1:1 ratio between wages and profits in this sector. The ratio is a bit different in other sectors, but it is also stable, the wages being less and the profits more. Under our present-day conditions, it would be advisable for all sectors to have the ratio between wages and profits on the level of 1:1. Such a ratio has existed over the course of decades in countries of the market economy of Europe and the United States. It is based on the fact that simultaneously characteristic of human labor are the output of a necessary product (wages) and a supplemental product (profits). Based on the constancy of this ratio, therefore, we may introduce the following method of establishing a tax on the profits of enterprises of all forms of ownership and the mechanism for withholding it. When an enterprise receives from the bank, let us say, 1 billion karbovantsy in cash for the payment of wages, the bank must immediately remove 350

million karbovantsy as tax on profits from the settlement account of this enterprise and deposit it into the budget, to the appropriate account of the Ministry of Finance—this under the condition that the norm for tax on profits is 35 percent.

The proposed method of establishing the tax on profits and mechanism for withholding it has the following advantages:

it will be impossible to artificially understate profits, for if an enterprise attempts to do this, it will also have to lower its wage fund, which would be economically disadvantageous;

not a single production enterprise will be able to evade timely payment of the tax on profits, and the budget will receive tax revenues in timely fashion (this is the main advantage of the new method);

the method is strongly anti-inflationary; an enterprise will not be able to overstate its wage fund, for if it does so it will also have to increase the withholdings from its profits in the form of tax going to the budget;

enterprises will be interested in augmenting their noncash accounts and in taking cash out of the banks only for wages, for if they take out cash for other purposes, 35 percent of the amount will have to be paid as tax all the same;

the tax inspectorate will be able to focus its attention on the withholding of taxes from those enterprises that are involved mainly in cash transactions, i.e., with trade enterprises, while taxes will be collected from production enterprises at the banks.

Zvyahilskyy Operating Style Portrayed

944K1252A Kiev NEZAVISIMOST in Russian
13 May 94 p 3

[Article by Olga Musafirova under the rubric "Cast of Characters": "Let the Acting Prime Minister Be a Lesson to Others"]

[Text] The press media knew rather little about Yukhym Zvyahilskyy last year. He is the fattest deputy of the Ukrainian Supreme Soviet. Smokes a lot. Looks rather gloomy. He used to work in Donetsk as the manager of two right-flank coal mines. He was there for 22 years plus 15 more; therefore, he has the right to tell anyone where to go and how far. He addresses his audience as "Dear Comrades." His political views are in full agreement with his age and position.

His arrival in the Cabinet of Ministers was preceded by a powerful wave of rumors. Zvyahilskyy's career in the government was linked to the onset ("he instigated it!") of the miners' strike in the fall of 1993, as well as to its more or less successful ending ("he bought them off, he buttered them up!") The chair of the first deputy prime minister in Kiev, which he occupied after a brief term as mayor of Donetsk, was rumored to have strong legs. It was alleged that certain forces faced the president with a choice: Either Zvyahilskyy gets nearer to power, or else...

The next stage, his move into the office of Leonid Kuchma with all his belongings, was described by oral folklore in a style even more picturesque. It seems that Leonid Makarovich summoned Yukhym Leonidovich into his room and said: There is an opinion that you have to work as a Kuchma. But the latter was in no hurry to thank him for the confidence and he answered pensively: "I am rich, you see. My family is well-off; my children, grandchildren, and grandchildren's children will all have enough. But if the people of Ukraine are pleading..." Nobody tried to disprove the rumors because Zvyahilskyy did not grant any interviews or hold any press conferences. Ever. As a matter of principle. (Not quite, however. Quite recently the weekly ROSSIYA prepared a whole package of positively tinted materials in which a conversation with the acting prime minister took central place.)

A note of distinction. The Ukrainian press media would normally start to lambaste previous prime ministers somewhere halfway through their fruitful activity. First, there would be voluminous interviews "with hopes for the best," and only by the time of the final curtain would they openly say the same thing about each of them: "What a bastard—he has ruined it all!"

The years of training proved useful—they started to strip the acting minister down right away. Democratic publications started to find heaps of documents showing that Yukhym Leonidovich had something to do with some dubious crude oil deals. Using the opposition from the economy reformers' camp as the mouthpiece, the "moderate" were baring the totally unscientific essence of all measures taken by the government. For instance, the closing of the Interbank currency exchange or their stubborn refusal to free fixed dollar rates. The "petty Nazi" publications were insulted by the mere fact of an "alien" appearing at the very height of government power. The upset led them to poetry where Ukraine was up for a rhymed sale to the masons of the world by "Zvyahilskyy Fima, Soros, and Birshteyn."

This was why the appearance of Yukhym Zvyahilskyy before the UNIAN information agency, which invited a horde of people with dictaphones and TV cameras for the occasion, became a sensation in itself: "The sphinx" has spoken!

It soon became clear that Yukhym Leonidovich was a rather mediocre orator. He was also conspicuously uptight in an environment to which he was unaccustomed and he must have secretly cursed his counselor-aide with his impenetrable smile who had undertaken the task of creating his image. What the hell for, let me ask you?

Zvyahilskyy saddled his nose with a helpful pair glasses and, without any emotion, read his introductory statement which anybody else would have read to the accompaniment of a brass band. He was reporting on an elementary plan that was drafted six months before without any creative thought or economic imagination. To stop hyperinflation, to stop the unchecked flow of Ukraine-produced industrial goods out of the republic, to ensure hard currency returns from exports, "to squeeze" due taxes into the budget, to stop the energy crisis, to prevent a food crisis...

A hard administrative hand was choking the thin little neck of the market economy. All this meant that nothing good could come out of this. However...

Inflation (married name "superhyperinflation") stood at 91 percent last December, but for some reason dropped down to 19.2 percent in January, 12.6 percent in February, and 5.7 percent in March, and showed a further tendency toward decline. These data were provided by the unemotional Ministry of Statistics, which would have been just as happy to please the ex-leaders...

The prices of most essential foods have practically not grown in the last six months. (The majority of people who have not gotten any wages since January could not care less, anyway.) But then they did not freeze (people, not prices) in winter as predicted, either at home or at work. Energy sources were somehow obtained. For the same reason, the spring sowing campaign, traditionally run on emotions, has already been competed for all practical purposes, according to Zvyahilskyy. Quietly and without losses. Producers were given direct loans for fuel, spares, and chemicals, contracts were signed for state purchases, the price of bread was set at 1,290,000 karbovantsi per tonne, and so far the villages have managed to survive without upheavals.

Zvyahilskyy closed the Interbank currency exchange, sort of outside of the plan but with all his heart. "Nobody will learn now how much currency was sold there in two years and to which enterprises—this is my official statement." The exchange was replaced by the Committee on Tenders, subordinate to the government. Now it is issuing special-purpose and controlled sums and yes, it is doing so according to the managerial principle "I give to whoever I find necessary." It issued 2.9 billion Russian rubles to prepare nuclear power stations for winter, \$500,000 to purchase rubber, 1.5 billion rubles to purchase coalmining equipment.

The acting prime minister was just as strict with the dollar, showing no reaction to the criticism of progressive economists. The "greenbacks" remained tied down by fixed rates. "They are forgetting that Ukraine imports 69.8 percent of its energy sources. If we free the rates, energy prices will skyrocket, followed by food and rent costs. The people will have no understanding for their government."

After that came the news of the season. In the nearest future the government and the National bank of Ukraine will prohibit any circulation of foreign currency on its territory. Like Russia did. This will be the artillery onslaught before the introduction of hryvnya.

His glasses were already lying on the side, together with his notes, his image, and the nasty word "macroeconomics." He bluntly refused to talk about his opinion of Kuchma, Kravchuk, or his leanings in the presidential campaign and politics in general. "I am an industrialist." But at the same time he described with gusto his recent meeting with the Crimean prime minister, "Comrade Saburov," which ended constructively for both of them, and he also mentioned his scheduled trip to Simferopol to "Comrade Meshkov."

The "political industrialist" seemed to have used the only way to work he really knew, his 37 years of experience managing coal mines. Namely, he did not bother his superiors by worrying about which superstructure, "socialist" or "capitalist," would grow on his basis: The bosses know better. He assigned reliable people to the localities, not necessarily in top positions. He did not criticize the "top brass" (as a blessing, now he has very few of those) and he ignored all criticism from below and from aside. He did not ask for anything, including additional powers, because he knew he himself could get all he needed. It turned out that Ukraine, as one big mine which was well-worked, explosive, and stoked up by strike committees, could still produce coal. It could even rise in its steep downfall. The practical

intellect of Zvyahilskyy caught this moment and used it. "The board of honors" did not interest him.

The headline of this article is flawed, from a grammatical point of view. According to the rules, it ought to be replaced.

In theory, it would be nice and prestigious to have a prime minister with the brains and looks of Lanovyy. With the charm and political instinct of Kuchma. With the progressive tendencies and ability to work of Pynzenyk. This would be an ideal sample! Top quality. Good enough for an exhibition.

But this one is good for work...

BELARUS

Presidential Campaign Viewed

944K1237A Moscow NEZAVISIMAYA GAZETA
in Russian 11 May 94 p 3

[Article by Mikola Shelyagovich: "The Republic before Presidential Elections"]

[Text] First the minister of internal affairs and the chairman of the KGB, who dared to be willful, were discharged, then speaker Stanislav Shushkevich was removed from his position and Myacheslaw Hryb became the head of parliament. After a three-year marathon a new Constitution of the Republic of Belarus was adopted. And on 15 March the constitution went into effect.

The desperate attempt at opposition by the Belarusian People's Front (BNF) and others of this ilk, as was expected, was not crowned with success. Moreover, it clearly demonstrated the impotence of the Belarusian national-radicals, who in this way decreased their political rating to an extremely low point.

The attempt of the BNF and the strike committees that they encouraged to bring out the workers of Minsk plants onto the square on cold February days remained just that—an attempt. At the same time the Supreme Soviet, which finally came to believe in its own legitimacy, found a way of overcoming the problem of a quorum—a vote was taken by name ballot in the course of three days. The vote was on whether or not to be a presidential republic. As a result, more than two-thirds of the deputy corps came out for a strong presidential authority.

Members of the BNF opposition in the Supreme Soviet, as could be expected, did not take part in the voting by name ballot—they, who not very long ago worked for a presidential form of government, today, when their ratings are falling, are categorically against a strong president. In alliance with them in nonacceptance of the presidency, and their most powerful opponent, was Sergey Gaydukevich—the leader of the People's Movement of Belarus (NDB), which unites within its ranks members of 25 republic parties, movements, and organizations. He, claiming in perspective to the first role in the republic, also understands that today is not yet his time! Nevertheless, a faction of the NDB in parliament (and this, according to a data list, has more than 100 persons) almost entirely voted for the introduction of the post of president. This fact showed eloquently that the most powerful and influential in parliament, and probably in the republic as well, remains as before the unofficial "party of the Council of Ministers," whose first authority is Prime Minister Vyacheslav Kebich.

A month and a half remain before the election of the president of the republic. Named among the candidates are Premier Vyacheslav Kebich, speaker of the Supreme Soviet Myacheslaw Hryb, the tireless fighter against Belarusian corruption, Aleksandr Lukashenko, yesterday's speaker, Stanislav Shushkevich, leader of the Party of National Accord, Gennadiy Karpenko, mayor of the city, and the nationalist and leader of the People's Front, Zyanon Paznyak. It is difficult to say which of them will be

able to get the support of the powerful. One thing is clear: It will be a person who, after ending up in the position of president, will be managed by those whose authority he will personify and defend. Perhaps most likely a person who gets along with Kebich's team.

However, there is one "but." It is the support of the candidate for the president of Belarus on the part of Russia. Russia's game can significantly correct an election campaign that is predicted on the basis of internal factors: Moscow is interested in seeing in Minsk a rudder of authority that is "eastern" in orientation, so that Belarus will at no time become a real foreign state for Russia.

At the beginning of the integration process of the two Slavic countries, Moscow was visited first by representatives of the government of the republic—to coordinate the positions of the agreement on the unification of monetary systems, then by a delegation of the opposition headed by Zyanon Paznyak, who in many ways seems to be supported by Yegor Gaydar, and later by an NDB delegation that was received hospitably in Russia's State Duma. All these visits to Moscow were followed by attempts by Belarusian politicians to go through a preliminary political "inspection of a prospective bride" for "an older brother."

It is quite probable that Russia's sluggishness on the question of a real unification of monetary systems can be prolonged if not to the end then at least until the beginning of the presidential elections in Belarus. It is quite likely that by that time Russia will also clarify its position regarding its protegee for the post of president of the neighboring country, which is extremely dependent on it economically and financially. But in order that Belarus not forget its dependence on its eastern neighbor, it was given a good reminder when Russia publicly announced that it was stopping deliveries of gas to the republic until debts are repaid. The debts were hurriedly paid in several days.

At the same time, political activeness in the republic can be seen with the naked eye. And it is not only the capital that is active. In western Belarus, where the bulk of the citizens of the republic who are of Polish nationality live, the Polish Democratic Party was established and operates actively under the influence of the Union of Poles.

In western Polesye, with the very active participation of activists of the sociocultural association Polisyse, a network of electoral associations has been established in the form of the regional sociopolitical organizations Brest Choice-94, Pinsk Choice-94, etc., whose staff has been joined by the most prestigious industrialists, bankers, entrepreneurs, and intelligentsia of the region.

In Vitebsk Oblast the Russian-directed Slavic Council Party Belaya Rus is announcing itself more and more actively, and the main forces and structures of the Liberal Democratic Party of Belarus—the native sister of the Russian party of Zhirinovskiy—are located in the Gomel region.

As for the old parties—the Social-Democratic Gromada, the NDPB [National Democratic Party of Belarus], the Christian Party, the Party of National Accord—they are undergoing a crisis. A majority of them were unable to leave the asphalt of Minsk and go to the periphery. The

former alliance with the BNF also left the imprint of nationalism on them, which today is extremely unpopular among the people and which was promoted by BNF announcements that promised, in the event the BNF came to power, to introduce a law concerning the ban on professions, and to build Belarus as a national Belarusian state, etc.

Entirely possible is a variant in which the sociopolitical structures of the Belarus regions that carry unquestionable weight there unite in behalf of their common success and attempt to bring out their own candidate for president, especially if this candidate is not from the old clan and finds mutual understanding with the Russians.

But the fact that the oblast principle of distribution of power in the republic still has force was also shown by the elections of two new deputy chairmen (until now only a first deputy has been elected) of the Supreme Soviet of the Republic of Belarus. The candidates for the posts of deputies were not considered in political parliamentary factions but in oblast deputy groups.

As a result: The speaker of the parliament, Hryb, is a representative of the Vitebsk region, his first deputy is from Minsk, and the other two are from the Gomel region and the Brest region respectively.

However, such a balanced division of the republic's power, in the opinion of Belarusian political scientists, is a guarantee of preservation of the integrity of the republic.

Kebich Portrayed as Pragmatist

944K1254A Moscow MOSCOW NEWS in English
No 19, 13-19 May 94 p 6

[Article by Larisa Sayenko: "The Future President of Belarus?"; first paragraph is introductory paragraph]

[Text] Few people doubt that Vyacheslav Kebich will be the first President of Byelorussia. What will this election entail?

The Vyacheslav Kebich's entourage zealously proves that the advent of the current prime minister to the presidential post is inevitable, and there is no alternative to him. Several teams can compete on equal grounds in great Russian, though somewhat differing in programs but having equal strength. But, Byelorussia hardly scraped up one membership of the Council of Ministers.

Probably, this also may explain the first place held by Vyacheslav Kebich in the political hierarchy of Byelorussia. This is a team man, a company. In the past, a man of party "clip," who did not try to show off his intelligence. He is winning people's favor first of all by his sociableness and simplicity. A rare deputy who has not asked credits on easy terms, a batch of cheap refrigerators or trucks, a flat or a car for himself. Vyacheslav Frantsevich is generous not only towards his associates but also offers his political opponents whatever help he can.

Vyacheslav Kebich is a business manager, rather than a politician. He won his "first" popularity as director of the machine-tool works. The promising organizer was sent by the party to a backward enterprise, which he managed to

place among the foremost in the socialist emulation. He was the first among business managers in the capital to recognize such a bourgeois novelty as sociology, providing sociologists with full freedom for any polls. It is noteworthy that with absolutely anonymous questioning the director of the plant received a very high rating of the majority.

Vyacheslav Kebich was always distinguished for business activity and the ability to get on with people. Everything seems to indicate that he has kept these qualities even today. The head of the government, addressing the national intelligentsia and convincing them that he places above everything else the independence of his country, and the head of government who made a report to leading industrialists and assured them that he is building a confederation with Russia—is one and the same man, Vyacheslav Frantsevich Kebich. He is equally ready for both, depending on the circumstances and the situation.

MN File

In the republic, Vyacheslav Kebich mainly relies on the scientific-industrial association that unites the leading economic executives and entrepreneurs, as well as the pro-communist popular movement of Belarus. He has a major lobby in the parliament. On the eve of the election campaign, this lobby enabled him to remove his rival Stanislav Shushkevich without any problems. What's more, the prime minister called the campaign against him "kitchen squabble" and did not allow himself to make any attacks on his opponent, even in retaliation. In the course of a single day he collected 70 votes in the Supreme Soviet needed for his nomination as a candidate for presidency, and in one week—about 150,000 votes of ordinary electors.

The awakening of the Byelorussian premier's national self-consciousness which took place a year and a half ago, most likely may be explained by the tough pragmatic policy of Yegor Gaidar's government regarding the fraternal republic: inflating the fuels prices, ultimatum demands to pay the debt right up to switching off oil-and-gas supplies for a lengthy period.

On the other hand, the present craving for Slav unity is nothing but a calculation on an amicable shifting off of economic burdens on the shoulders of Viktor Chernomyrdin's government. The psychological compatibility of the two premiers has more than once helped Belarus out of seemingly hopeless situations—with the same enormous non-payments to Russia's Gazprom. The question arises: how compatible are the economic models of the two states and is Vyacheslav Kebich going to accept the tough financial-credit terms of the Russian side or hope to prolong Byelorussian socialism at the expense of Russia?

Vyacheslav Kebich was greatly impressed by the outcome of the latest Russian elections. In Minsk they were assessed as the alienation of the broad masses from the market-economic reforms. Large-scale restoration of socialism started, in the form of distributing advantageous credits, allowances, impressive increment of pensions, minimum wages. From the beginning of the year this thrice devaluated the Byelorussian "zaichik."*

It is hard to suspect the prime minister of not knowing the real price of such reforms. But the election marathon calls for sacrifices.

Let's take, for example, bread. Belarus is importing wheat. By spring, Kazakhstan's grain had run out at the bakeries and the grain for hard currency flowed from Europe. The retail prices of rolls and buns from wheat, officially called "free," automatically rose more than two-fold, sparking off the discontent of the population. Knowing for sure the objective need for the price rise, Vyacheslav Kebich instantly responded live on TV, explaining everything by the arbitrariness of certain officials and promising to punish them. Indeed, he found the "guilty" and punished, even if with official reprimands, and restored the previous prices. The subsidy from the budget remained in the shade. It was allocated for making long loafs cheaper—49 billion only for one month. The Finance Minister Stepan Yanchuk was compelled to state that the "unplanned growth of state subsidies on some types of food, housing, communal and transport services resulted in the exhaustion of the annual limit of the budget deficit today."

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According to the Council of Ministers, during the first quarter the gross domestic product and payments to the budget went down by 40%. The drop came closer to the limits which dictate "the minimum necessary production volume to ensure the minimal requirements of the state." The number of unprofitable enterprises trebled. The average monthly inflation came to 50%. The Cabinet of Ministers sees the way out in rough vertical management, selective backing of enterprises and collective farms, in centralized regulation and, no doubt, in monetary and economic unification with the Russian Federation. The team of Vyacheslav Kebich reveals full unanimity. A special stand is taken only by Stanislav Bogdankevich, Chairman of the National Bank, and Finance Minister Stepan Yanchuk, who nurse no illusions regarding unification and suggest the introduction of market-economy mechanisms. This is explained not so much by personal qualities, as by objective circumstances: the financial system of the republic is coming closer to failure.

At the meeting with war and labour veterans, when Vyacheslav Kebich was accused of the disintegration of the economy, he parried: "Just name me an ex-USSR republic where the life of people is better?" As a result of debates the representatives of the older generation unanimously backed up the candidature of the prime minister for the post of the President. There is a great deal of truth in what Kebich says. He did not overlook control over industry, at a time when becoming a head of the government, about 50% of the industrial potential was in republican subordination. Social security spreads not only to old men and children, but practically to all of the able-bodied population. Not a single bankrupt enterprise has been shut down, the giant plants standing idle pay rather impressive wages "or, to be more exact—allowances."

The favorite leisure of the prime minister is angling. The recently economic reports of the prime minister are increasingly reminding of anglers' stories. From time to time Vyacheslav Frantsevich assures that the economic

situation is improving. And from the autumn of 1993 the most successful catch is the idea of economic union with Russia. Today Vyacheslav Kebich maintains: "The creation of a single ruble zone is the aim of my whole life." As though his life has not passed in that ruble zone. Was it that long ago at a press conference regarding the introduction of "zaichiki," that the prime minister tried to convince people that Byelorussian and Russian rubles are absolutely equal, but shortly "zaichik" will outweigh and "one Russian ruble will be equal to 60-70 Byelorussian kopeks." Meanwhile, the widely-advertised abolition of the customs duty on raw materials and fuels in the Russian Federation from May 1 did not produce the desired effect. Instead of the customs duty Russia introduced an excise tax which did not improve the situation in the republic.

Vyacheslav Kebich must be done justice. Initially the conditions of the Byelorussian-Russian financial-economic union really promised a number of advantages to the Byelorussian side and could really become a ring-buoy. But the methods in "the settlement of issues," polished throughout years, began to malfunction in bilateral relations. The most sober-minded supporters of Kebich believe that it is quite in vain that he has become stuck so strongly to this idea, actually becoming a hostage of the Russian authorities. The hearty attitude of Viktor Chernomyrdin may be balanced by the cool attitude of Boris Yeltsin: unlike Stanislav Shushkevich, the Byelorussian prime minister was not in a hurry to express his support to the President in the critical moments of his confrontation with the legislative power.

Vyacheslav Kebich is a pragmatic business manager, and this undoubtedly does him credit at the post he occupies. Quite timely he parted with the communist party "on moral and ethical" considerations—after the August coup. In Byelorussia he kisses the hand of the Metropolitan Filaret, in Israel wears a skull-cap, in the Arab Emirates would surely accept a Muslim ritual under guaranteed supplies of cheap oil. But the impression lately taking shape is that the sense of realism is leaving the prime minister. He is beginning to believe in his promises, making too big a stake in the political game with Russia.

As to his personal qualities, Vyacheslav Kebich on the post of President would guarantee the absence of sharp changes in keeping to traditions (as an ideal prototype for the Byelorussian President he considers Pyotr Masharov, leader of the Communist Party, rather popular even today). But in case of unification with Russia the economic levers of management will be passed over to Moscow which will hardly back up Byelorussian socialism. If the agreement fails, then the economic situation, undermined by the election campaign of the prime minister, will inevitably lead to the worsening of living standards and will call for unpopular tough measures and a corresponding leader for their implementation.

MN File

Vyacheslav Kebich is a Byelorussian. He was born in Volozhin District in 1936. Finishing school with a gold medal, he enrolled in the Byelorussian Polytechnic Institute.

In 1958 he became a business manager as a rank-and-file engineer at the plant of automatic transfer lines, covering the road to one of its leaders. At the age of 40, he became general manager of the Kirov machine-tool works, at the same time heading its design office. In 1980, he was promoted to party work: Second Secretary of the Minsk City Committee of the Communist Party of Byelorussia and head of the department of the Central Committee of the Communist Party of Byelorussia; Second Secretary of the Minsk Regional Committee of the Communist Party of Byelorussia. He also headed the republican Committee for Economic Planning. Since April 1994, he has been

Chairman of the Council of Ministers, and one of the most realistic aspirants for the post of the first President of the Republic of Belarus.

He is married and has two children. The members of his family were mentioned in the materials on the parliamentary anti-corruption commission. However, the Procurator's Office did not find any facts of the crime in their actions.

** The Byelorussian national currency depicts various animals (including a hare on the one-ruble note), therefore among the people, Byelorussian money is called "zaichik." [little hare]*

ARMENIA

Government Session Reviews Spring Call Up

944K1247A Yerevan RESPUBLIKA ARMENIYA
in Russian 17 May 94 p 1

[Unattributed report under the "Official Chronicle" column: "Augmenting the National Army—A Matter of Primary Importance"]

[Text] On 13 May in the Republic of Armenia there was a conference devoted to questions of organizing the spring recruitment. Participating in it were state ministers, ministers, Defense Ministry and Internal Affairs Ministry workers, managers from the procuracy, military commissars, chairmen of ispolkoms [executive committees] of the Yerevan city and rayon councils, and also through conference calls—representatives of ispolkoms of city and oblast councils of the republic.

Opening the conference, Prime Minister Grant Bagratyan emphasized the importance of the recruitment in the matter of reinforcement of the national army and defense of the country under the conditions of the continuing conflict in the region. The prime minister noted the need for both extensive explanatory work and the creation of a certain military-patriotic atmosphere by the mass media, on the one hand, and, on the other, a refusal to put up with draft dodgers and deserters and the application of punitive measures against them within the framework of existing legislation. In this connection Grant Bagratyan reported that by a government decree the republic procuracy was asked to file criminal cases in keeping with the established procedure against citizens who evade the draft and to take measures to return to Armenia draftees who are outside the republic. The corresponding instructions were also given to the ministries and departments.

Mr. Bagratyan also emphasized the need to ensure fairness and openness in the matter of conducting the draft and expressed the hope that, as a result of the hard work, the draft would go successfully.

State Minister Vazgen Sarkisyan talked about the problem of conducting the draft, introduced the members of the regional coordination commission, and addressed the tasks facing each rayon. The state minister condemned the bad system that exists whereby through fair means or foul every soldier is transferred to the military unit of their native region. The draft will be conducted according to a nonregional principle, he said, and nobody will serve in his own rayon. The state minister denied rumors that 18-year-old draftees would be sent to the border regions of combat activities and called them absurd. Describing the draft as a task of not simply republic but of national significance, Vazgen Sarkisyan emphasized the importance of universal support for this work, noting that it would be desirable for deputies of the Supreme Council and parties and public organizations to participate in it. The state minister said that work was being done in this area and there had been appreciable results.

A number of other issues related to the draft were also discussed at the conference.

Stricter Measures Against Draft Dodgers

944K1247B Yerevan RESPUBLIKA ARMENIYA
in Russian 17 May 94 p 1

[SNARK report: "Measures Made Stricter"]

[Text] Measures against individuals evading the draft into active military service are becoming stricter in Armenia. According to a government decree signed a couple of days ago, from now on citizens of draft age will be allowed to leave the republic only with the appropriate note on their military identification card.

The Ministry of Foreign Affairs has been instructed to submit proposals concerning the procedure for returning draft dodgers from other states.

At the same time certain economic sanctions and restrictions on draft dodgers and their families are being considered.

Additionally, the state minister for questions of defense, Vazgen Sarkisyan, speaking at a government conference, categorically denied the assertion that draftees would be sent immediately to the front lines, calling such rumors "absurd."

Figures on Armenia-NKR Aid Debated

944K1218A Yerevan AZG in Armenian 29 Mar 94 p 2

[Article by Armen Baghdasaryan: "Armenia-Karabakh: Who Is Helping Whom?"]

[Text] As is known, the Armenian authorities have blamed the grave socioeconomic conditions in the republic mainly on the blockade and the Karabakh war. Indeed it is a known fact that war is "an expensive habit" and that any country at war, declared or undeclared, cannot seriously think about developing its economy. Naturally, the opposition occasionally tries to refute the government's explanations that the Karabakh war is the cause of the disastrous state of the economy. Thus, during the discussion of the republic's budget in the parliament, deputy Garnik Isagulyan came forth with a sensational statement that Karabakh sent to 2 and 1/2 more aid to Armenia during 1993 than the other way around. During a conversation with us, Mr Isagulyan reaffirmed his charges and said that he can prove what he has alleged point by point. According to Mr Isagulyan the value of goods sent from Karabakh to Armenia totals 140 billion rubles, while those that went from Armenia to Karabakh are valued at 64 billion rubles.

In other words, war-weary Karabakh, one third of whose territory is completely devastated and whose entire male population is in military service, has a positive trade balance with Armenia. No one doubts that in peacetime Karabakh's exports can exceed its imports. It is also true that all of Karabakh's industrial enterprises, without exception, are operating today unlike those in Armenia. Even so, the charge that is being made in today's war conditions is unusual, to say the least, especially since Mr Isagulyan says that his figures include the military assistance that Armenia provides to Karabakh. However, as unusual as the charge may be, none of the government representatives have denied the deputy's allegations, perhaps because a full refutation of the charges would require

the discussion of undesirable topics, such as Armenia's nonhumanitarian assistance or the goods that have been taken from the so-called occupied territories.

Leonard Petrosyan, the head of Armenia's State Administration for Special Programs, described Mr Isagulyan's charges as ludicrous and pointed out that Armenia pays for 90 percent of Nagorno-Karabakh's budget deficit with interest-free loans. He said: "Armenia sends nearly 9,200 tonnes of flour each year to Karabakh, in addition to everything else. I cannot imagine what Karabakh can send back in return. It is true that one can bring from Karabakh, say, firewood, but that is so little that it may constitute perhaps 1 percent of what we send them. As for the alcoholic beverages that are brought from Karabakh, they cannot be consumed in Armenia because of their low quality. Armenia simply plays a transit role for those goods. Today, a minimum of 15 trucks depart for Karabakh each day without counting the vehicles that carry specific cargoes. All these trucks return to Armenia empty because there is nothing to bring back. It is true that they may bring, for example, scrap metal, and work is under way in that direction." According to Mr Petrosyan, Karabakh has been exporting its surplus electricity to Armenia in recent months, but that it is improper to talk about that even qualitatively because 90 percent of the goods that are vitally needed in Karabakh are imported in one way or another from Armenia. He added: "Obviously, Karabakh would like to help Armenia economically, but it is superfluous to talk about that in the present conditions."

We were also able to contact Zhirayr Poghosyan, the deputy prime minister of the Nagorno-Karabakh Republic, who, it turned out, was aware of Mr Isagulyan's allegations. Mr Poghosyan said: "The first point is that Mr Isagulyan is far removed from economic structures and economics in general. It is true that Nagorno-Karabakh has very significant means, and in peaceful conditions we may be able to support ourselves and Armenia with our own products alone. But today most of Karabakh's land is not cultivated for known reasons. Karabakh imports from Armenia virtually everything. It exports, basically, shoes, marble slabs, electrical equipment, and so forth. In terms of numbers, one can say that Karabakh imports four times as much as it exports."

In general it is difficult to express any final opinion on this subject, because after all it is a matter of approach. One can take into account, for example, the fact that the equipment taken by Karabakh forces from the enemy is worth millions of dollars. One can take into account the fact that valuable equipment is occasionally ferried into Armenia over the Stepanakert-Goris road. After all, not everything in the relationship between Armenia and Karabakh can be counted with money. It is hard to think that a Karabakh at war can help Armenia economically. On the other hand, it appears that Karabakh's role in Armenia's economic difficulties is quite exaggerated.

Opposition Deputies View State of Economy

944K1218B Yerevan AZG in Armenian 2 Apr 94 p 2

[Article by Hakob Asatryan: "Forty-Eight Percent of Republic's Electrical Energy is Lost"]

[Text] "The government reports false figures in its programs," declared parliamentary deputy Arshak Sadoyan [at a meeting with reporters]. Representing the parliamentary group of the National Democratic Union [NDU], Sadoyan drew the attention of the reporters to the figures in the budget that was recently passed by the Supreme Council and demonstrated that they do not correspond to the truth. According to those figures, the monthly income of the average person in the republic was 254 dram in February 1994, indicating that it had grown by 15.4 times while consumer prices rose by 125.8 times [as published]. In other words, the living standards of the population declined by 8-fold. In addition, according to the same budget, the gross national product of the republic must be 9.285 billion dram in 1994, but the real figure is expected to reach 60.100 billion dram by the end of the year. In other words, the inflation rate is expected to be 6-fold (597 percent). Sadoyan claims, however, that if a more realistic approach is taken, the inflation rate will be 20-fold. He says that the government is distorting the figures so that it can hide the large difference between the 1.7-fold growth in incomes and 20-fold increase in prices.

The remarks of Semyon Baghdasaryan, the other member of the NDU parliamentary group, about energy production were even more interesting. It has been determined that the electrical energy output of the republic declined by 2-fold from 11,270 million kilowatt-hours in the first 11 months of 1989 to 5,822 million kilowatt-hours in the corresponding period of 1993. On that basis, the supply of electricity to the population should have declined by 2-fold and not by 12-fold.

Thus, where has the electricity generated in the republic gone? In Mr Baghdasaryan's words, 48 percent of the electricity generated was lost in the transmission network alone, and 25 to 30 percent was distributed through illegal or so-called "private supply" means. This assumes that 50 percent of the 305 million kilowatt-hours of electricity generated in November 1993 was delivered to the population and the remaining 50 percent was given to industry. According to Mr Baghdasaryan, because of this situation not only electrical energy but industrial production is lost.

Mr Baghdasaryan says: "Officials of the Ministry of the Interior derive personal benefit from the 'private services' of supplying electricity." He noted that if this situation continues, the directors of substations may illegally privatize their units and decide on their own who receives electricity and who does not.

Parliamentary deputy Seyran Avagyan said that the harsh taxation system does not help the importation of high-priority foodstuffs into the republic. He said that today the minimum monthly expenses (bread, salt, sugar, heating oil and soap) of a family comprised of four members is 2,095 dram. Assuming that two members of the family work, each working person must therefore earn at least 1,047 dram a month at a time when the minimum monthly wage is 110 dram (176 dram beginning in April). The deputies then spoke about Armenia's domestic and foreign policies. In particular, Shavarsh Kocharyan declared that Armenia must look for strength in itself and rely less on outside forces.

AZERBAIJAN

Currency Sale Restrictions Lifted

944K1242A Baku AZERBAYDZHAN in Russian
14 May 94 p 1

[Unattributed report: "Restrictions on Sale of Foreign Currency to Population Lifted"]

[Text] The republic government has issued a directive to remove restrictions on sales of foreign currency to physical persons. As is known, until now banks could sell up to \$2,000 a year in hard currency only to persons traveling outside the republics on business, on tours, or on a visa, which created favorable conditions for the "black market" to flourish.

As an AZER-TADZH correspondent was told in the Cabinet of Ministers, the decision is aimed at strengthening control over cash in circulation and complete legalization of manat buying and selling for foreign currency.

There are currently more than 80 banks that perform these operations. In order to avoid the outflow of foreign currency from the republic, documents are in the works that would regulate it being taken outside Azerbaijan.

Aliyev Addresses NATO Council

944K1242B Baku AZERBAYDZHAN in Russian
14 May 94 p 2

["Speech of Republic of Azerbaijan President Geydar Aliyev at NATO Council Meeting in Brussels on 4 May 1994"]

[Text] Dear Mr. Deputy General Secretary, dear members of the NATO Council, dear ambassadors, ladies and gentlemen!

I thank you for the warm welcome you have extended to me and the Azerbaijan delegation. I am glad that I have the opportunity to be among you today, and I consider it an important event for the Republic of Azerbaijan. Thank you very much for the warm words of welcome and good wishes you have expressed toward the Republic of Azerbaijan. The people of Azerbaijan, having traveled a long historic road of development through numerous difficulties and obstacles, achieved national independence in 1991. An independent state of Azerbaijan was formed, which now is a member of the United Nations, the CSCE, and many international organizations. I feel very proud today that the Azerbaijani delegation is present today in the headquarters of the North Atlantic alliance.

The Republic of Azerbaijan is following the road of strengthening its independence. In domestic policy it is pursuing the development of a democratic, law-based state, creating the conditions for individual freedom and the protection of human rights and for a multiparty system and political pluralism, guided by democratic values developed by humanity. In the economic sphere the republic is firmly on the road of implementing economic reforms and establishing a market economy, free entrepreneurship, and

freedom of initiative. We believe that all this creates good preconditions for Azerbaijan's close integration in the world community.

In foreign policy the Republic of Azerbaijan acts on the premise of interconnection and interdependence in the world, conducts a peaceful policy, and strives to maintain good relations with all countries on the basis of the principles of respect for sovereignty and noninterference in each other's internal affairs, territorial integrity, and inviolability of borders.

The Republic of Azerbaijan is currently experiencing a serious economic crisis. It was caused, on one hand, by the disintegration of the Soviet Union, of which Azerbaijan was part for 70 years, and the disruption of close integrated ties with all other republics of the Soviet Union, a transition from one economic system to another. On the other hand, this economic crisis is being deepened and exacerbated by the fact that Azerbaijan is in a state of war with the neighboring Republic of Armenia and is a target of military aggression. We believe, however, that all these difficulties can be overcome, keeping in mind that Azerbaijan has firmly taken the road of independent development. Azerbaijan's state independence is an irreversible factor, and we are convinced that the way we are going about state organizational development, economic transformation, and implementation of economic reforms will allow us to overcome these difficulties and make Azerbaijan, with its abundant resources and rich economic and intellectual potential, a part of the world economy and the world community.

As I have already mentioned, the difficulty of Azerbaijan's situation stems to a considerable extent from the fact that for six years already the republic has been the target of military aggression on the part of neighboring Armenia. This aggression, unleashed by nationalist circles in Armenia, has brought uncountable misfortunes to both the Azerbaijani and Armenian people, and represents a very difficult problem for us today.

You know very well that as a result of military aggression on the part of Armenia, which is pursuing the goal of annexing part of Azerbaijan's territory, of making Nagorno-Karabakh a part of Armenia, Armenian armed formations have occupied a considerable part of Azerbaijani territory. The six-year war has already resulted in the death of more than 20,000 people; about 4,000 persons have been taken prisoner of war or hostage; thousands upon thousands of homes, hospitals, schools, social facilities, and industrial and agricultural enterprises on the territory of Azerbaijan have been destroyed. The estimated damage is in the billions of dollars.

The worst part, however, is that almost 20 percent of Azerbaijani territory occupied by Armenian armed formations, and the inhabitants of these regions—which is more than 1 million people—have lost their place of habitation, are in a most difficult socioeconomic situation, and are refugees in their own country. All persons of Azeri origin have been driven from the territory of Nagorno-Karabakh; as I said, Nagorno-Karabakh and seven regions of Azerbaijan adjacent to it are occupied by Armenian armed formations.

We have always taken, and continue to support, the position that the conflict should be resolved peacefully. We strive to actively use the facilities of international organizations: the United Nations, the CSCE and its Minsk Group. In 1993 the UN Security Council passed four resolutions that categorically demand the withdrawal of Armenian occupation troops from the territory of Azerbaijan, but none of these resolutions have been carried out by Armenia. The efforts of the CSCE Minsk Group also so far have not led to positive results. Military operations continue today; Armenian armed formations, having occupied, as I already said, a considerable part of Azerbaijani territory, are conducting an offensive on the Republic of Azerbaijan's defense positions. Blood is being spilled every day; people are dying.

This can no longer be tolerated. Therefore today I want to make use of my presence here, in the NATO headquarters, and state once again Azerbaijan's position. We are for a peaceful resolution of this issue, for an immediate ceasefire and suspension of all military operations, for negotiations that must result in the immediate withdrawal of occupation troops from the territory of Azerbaijan and at the same time ensure its territorial integrity and inviolability of its borders. On these terms we are willing to consider the issue of the status of Nagorno-Karabakh's autonomy.

Speaking on 12 April on Azerbaijani television and radio, I appealed to the Armenian people, Nagorno-Karabakh residents of Armenian origin—citizens of Azerbaijan—to stop this bloodshed. Fate has decided that the Azerbaijani and Armenian people will live next to one another, and they have lived next to one another for centuries. We believe that trying to resolve this problem by military means will lead us to a dead end; this war is hopeless, and we need to end the bloodshed as soon as possible and establish peace in our region.

Today we again express our confidence that international organizations, first and foremost the CSCE and the CSCE Minsk Group, will take additional steps to implement our peace initiatives. Today, in this NATO headquarters, I would like to express my deep respect for the North Atlantic alliance, which over the period of its existence has made a tremendous contribution to establishing stability in Europe and the entire world, to strengthening peace and cooperation. We have great respect for NATO and attach great importance to its activities at the current stage. The creation of the North Atlantic Cooperation Council has become an important phase in NATO activities, which makes it possible to bring other states into the NATO orbit.

We have welcomed NATO's decision, announcing on 10 January of this year the adoption of the document Partnership for Peace, and consider it, too, an important step in NATO's activities in furthering the development of cooperation between countries. We attach great importance to the fact that NATO's 10 January decision expressed particular concern regarding the situation in our region, in the South Caucasus, and a conviction that the conflict in our region, particularly in Azerbaijan, Armenia, and Georgia, must be brought to an end.

All this is very desirable and interesting for us. Based on this, we welcome with great satisfaction the invitation extended by NATO to countries of East Europe and the new independent states, formerly parts of the Soviet Union, to sign the Partnership for Peace document. We have made a decision to sign it, and we pin great hopes on cooperation with NATO. For us it is also very important from the standpoint of Azerbaijan joining Western democracy and also because it will give us the ability, in cooperation with NATO, to look for additional ways to stabilize the situation in the region, stop the war, and establish peace and good-neighbor relations between Azerbaijan and Armenia.

These are the thoughts and hopes we brought here to you, and we are ready today to sign the Partnership for Peace program. I want to once again express a hope that this step on the part of the Republic of Azerbaijan will be properly appreciated by NATO, will bring mutual benefits, and most importantly, will contribute to stabilization of the situation in our region. I wish your organization further success. I thank you for your attention and am ready to sign the framework Partnership for Peace document.

Aliyev Statement at PFP Signing

944K1241A Baku AZERBAIDZHAN in Russian
14 May 94 p 2

[“Statement of His Excellency the President of the Azerbaijan Republic, Mr. Geydar Aliyev, at the Time of the Signing of the Partnership for Peace Framework Document (NATO Headquarters, Brussels, 4 May 1994)”]

[Text] The Azerbaijan Republic, having a rich history going back many centuries and having negotiated an enormous path of development, three years ago restored its national independence as a result of the collapse of Soviet totalitarianism and has today presented itself to NATO as a full member of the world community, being represented in the United Nations, the CSCE, and other international organizations.

At the present stage, considering today's regularities of world development, Azerbaijan, endeavoring to take its rightful place in the world community, is fully resolved to create a democratic society committed to the fundamental principles and values that have been expressed by human civilization at all stages of its development.

The bases of the official policy of Azerbaijan are a love of peace, political pluralism, and the recognition and assurance of individual liberty and human rights. Enforceable enactments on political parties, freedom of religious belief, protection of the rights of national minorities, and such have been adopted and are functioning here.

Azerbaijan builds its foreign policy on the basis of a profound recognition of the interdependence and interrelated nature of the world, proceeding from the common global purposes confronting all of us. We are firmly confident that the basis of security in the current period of challenges and threats is mutual respect for states' sovereignty and territorial integrity and the sanctity of their borders.

Azerbaijan has embarked on the implementation of economic reforms to create a market economy open to the outside world, which will make it possible to realize the country's wealth of potential. We are to this end implementing measures to attract foreign investments in the economy and establish cooperation with the world's biggest companies. A process of legislative backing for the reforms is under way.

Azerbaijan is today experiencing the profound crisis which has encompassed the entire territory of the former USSR and which is the result of the collapse of the Soviet system. Despite this, we are fully resolved to overcome the difficulties of the current stage and by way of the plan-oriented implementation of reforms to strive for the creation of a prosperous sovereign state.

In September 1993 Azerbaijan became a member of the Commonwealth of Independent States, considering this an essential factor of political and economic cooperation with all the countries formed following the disintegration of the USSR, and signed the Collective Security Treaty.

My country's situation is made worse by the fact that it is being subjected to aggression on the part of neighboring Armenia, which has territorial claims on Azerbaijan.

Armenia, as the aggressor-state, is using the ethnic group of Armenians living on the territory of Azerbaijan's Nagorno-Karabakh region as an instrument of separatism for the annexation of our territory. Armenia is using its own territory and armed forces to wage war on the territory of Azerbaijan, and it can no longer conceal these facts.

In the course of the aggression perpetrated against Azerbaijan the Republic of Armenia has occupied more than 20 percent of Azerbaijani territory. As a result of the ethnic purges carried out by the Armenian armed forces more than 20,000 persons have been killed and approximately 60,000 have been wounded or have become disabled, 4,000 have been taken prisoner or hostage, and approximately 1 million Azerbaijanis have become refugees in their own country.

Under the threat of annihilation, absolutely all Azerbaijanis have been driven out of all the occupied territories. The forces of occupation are employing scorched-earth tactics. Approximately 90,000 residential structures, more than 1,000 economic facilities, 250 schools and educational institutions, and 250 medical establishments have been burned, looted, and destroyed. The damage caused Azerbaijan is put at billions of dollars.

Armenian nationalism ignited the torch of war and set against each other two peoples bound by the will of history to live in peace and good-neighborliness. I am profoundly convinced that the conflict between Azerbaijan and Armenia has no military solution. The continuation of the hostilities will bring both peoples incalculable misfortunes. It will prevent them getting back on their feet, establishing their independence, implementing economic reforms in full, and creating a democratic state.

Azerbaijan has always adopted a constructive position on questions of a settlement of the conflict. The territorial integrity and sanctity of the borders of our state are for us a fundamental principle. We will strive for the liberation of

all occupied Azerbaijani territory and the return of all refugees to their land, the 50,000 Karabakh Azerbaijanis included. We will simultaneously undertake to ensure the security and all civil rights of the Karabakh Armenians and to afford them the appropriate level of autonomy within the framework of the Azerbaijani state.

On 12 April of this year I appealed to the citizens of Armenia and the inhabitants of Nagorno-Karabakh of Armenian nationality—citizens of Azerbaijan—to stop and cease hostilities. The Azerbaijani state guaranteed all inhabitants of the conflict zone involved in the hostilities personal safety and the possibility of living freely and in peace on their native land. We once again today confirm this fundamental position of ours.

In the time of the military aggression against Azerbaijan, which has gone on for approximately six years now, many steps aimed at a peaceful settlement of the conflict, which, unfortunately, have yet to produce the desired results in view of the hard-line aggressive policy of the Republic of Armenia, have been taken.

The fact of the occupation of Azerbaijani territory and the demand for the immediate, full, and unconditional withdrawal therefrom of the Armenian armed forces of occupation have been reflected in four resolutions of the UN Security Council—822, 853, 874, and 884. But on various pretexts Armenia is still refusing to comply with these resolutions.

Armenia is by its behavior openly challenging the world community, sapping at root all attempts at a peaceful political solution of the conflict by refusing to recognize the territorial integrity of Azerbaijan and to liberate occupied Azerbaijani territory.

The Azerbaijani Republic once again declares its readiness to solve all questions by way of peaceful negotiations within the framework of the CSCE Minsk Group, on the basis of the UN Charter and the principles of the CSCE.

The Azerbaijani Republic is, for its part, doing everything to support the actions of the Minsk Group and creating all possible conditions for it. But I would like to emphasize that each time that the Minsk Group assembles, the world witnesses a further escalation of hostilities on the part of Armenia and new seizures of Azerbaijani territory, as was the case at the time of the visit to the region of the current chairman of the CSCE in October 1993 or this April, when a meeting of the Minsk Group was held in Prague, and so forth. A delegation of the Minsk Group, which we rendered the utmost assistance, was in the region from 26 April through 2 May. If all the countries represented in the Minsk Group were to demonstrate the firm will to bring the bloody war to an end as quickly as possible and to embark on the restoration of peace, I am sure that success would be assured. Taking advantage, therefore, of my presence in NATO Headquarters in Brussels, I appeal to the North Atlantic alliance, of which all leading countries of the CSCE Minsk Group are members, for the adoption of the necessary effective measures to ensure peace and stability in our hemorrhaging region.

The Azerbaijani Republic has profound respect for the North Atlantic alliance and values highly its activity which

has in recent decades secured peace, stability, and progressive development in Europe. At the present time NATO, as an actually functioning structure of collective security in the world, provides for the defense of democratic values and their spread to the new independent states which have formed in East Europe and on the territory of the former USSR.

We regard NATO as an organization which could help the young Azerbaijani state establish close multilateral relations with the Western world and become familiar with its wealth of experience. The strengthening of the independence of Azerbaijan, as, equally, of the other new European states also, would serve as practical confirmation of the permanency of the principles on which the entire activity of NATO is built.

We are grateful to NATO for its expression of concern at the situation in the Transcaucasus and its confirmation of its respect for the territorial integrity, independence, and sovereignty of the states of this region and, in particular, of Azerbaijan, which was expressed in the NATO Council declaration adopted in January 1994.

The principles of NATO, on the basis of which its participants regulate their relations, settle all disputes arising among them by peaceful means, and develop their individual and collective possibilities for warding off aggression against one or several members of this organization, have proven their viability over many years now and could be the foundation of the building of a new system of European security in the postconfrontation period.

The young Azerbaijani Republic, which has opted for the path of the building of an independent democratic state with a market economy, looks with great hope to the states that have scored big successes on this path and awaits help and assistance from them. For this reason we, like many other countries also, received with great enthusiasm NATO's Partnership for Peace initiative. The North Atlantic alliance is in itself for us a reference point thanks to the security which, as NATO General Secretary Manfred Woerner said on 10 January of this year at the meeting of heads of state and government of NATO members, it guarantees its members because this is the organization which is functioning the most efficiently in the sphere of collective security.

We, as a state that is in a state of war and subjected to aggression on the part of a neighboring country—Armenia, hope that participation in NATO's Partnership for Peace program will enable us as quickly as possible to achieve a just peaceful settlement of the Armenian-Azerbaijani conflict, the liberation of the occupied Azerbaijani territory, and the elimination of all the consequences of the war. The high authority of NATO could be a telling factor in an end to this bloody war.

We hope that the Azerbaijan Republic's affiliation to the Partnership for Peace program will afford us an opportunity to stimulate our participation in the creation of a dependable system of collective security in Europe.

I believe that the democratic principles underlying the North Atlantic alliance will contribute to our successful cooperation, the practical removal of the obstacles that

stand in the way of peace and stability in the Transcaucasus and other regions, and the progress and prosperity of all peoples.

Guliyev Defends Bishkek Protocol Signing

944K1244A Baku ZERKALO in Russian 14 May 94 p 2

[Interview with Rasul Guliyev by A. Gadzhizade; place and date not given: "Rasul Guliyev: 'Those Jockeying for Power Accuse Me of Betrayal...'"]

[Text] *At the initiative of the CIS Interparliamentary Assembly, the Kyrgyz Republic parliament, the Federal Assembly, and the Russian Federation Ministry of Foreign Affairs, a meeting was held on 4-5 May in Bishkek (Kyrgyzstan). Among the meeting participants were A. Dzhalilov, first deputy chairman of Azerbaijan's Supreme Council; Armenian parliament speaker B. Ararktsyan; the head of Russia's mediating mission, V.N. Kazimirov; and Nagorno-Karabakh representative K. Baburyan. The result of the meeting was a protocol calling for "an end to armed conflict in Nagorno Karabakh and around it," which in place of A. Dzhalilov was signed by R. Guliyev.*

[Gadzhizade] The president of the Republic of Azerbaijan and the Ministry of Foreign Affairs have not expressed an official opinion on the signing of the Bishkek protocol. How do you explain this?

[Guliyev] I signed this protocol with the consent and participation of the president of the Republic of Azerbaijan.

[Gadzhizade] What can you tell us about the content of the protocol?

[Guliyev] The purpose of the protocol is only a cease-fire and, being a protocol of intentions, it serves the truce in every way. We signed it in order to demonstrate Azerbaijan's peaceful intentions to the entire world community. Until this, Azerbaijan had often missed important diplomatic initiatives.

[Gadzhizade] How substantial are your amendments to the Bishkek protocol?

[Guliyev] In my opinion, the amendments to the Bishkek protocol are very significant and important. It is clear that "observers" mean CIS troops. And the mention of "international observers" says that this amendment is of an international nature, which proclaims the participation in peacekeeping operations of armed formations of foreign states together with CIS troops. The Azerbaijani side proposed that the wording "occupied territories" in the protocol be replaced by "seized territories," and this proposal was accepted. This is very important; it establishes that the other side is the aggressor.

[Gadzhizade] Many mass media maintain that Nagorno-Karabakh's participation in the negotiations means in recognizing it de jure.

[Guliyev] The contention that we have recognized Nagorno-Karabakh de jure is foolish, to say the least. (I can see even from the protocol that the issue is not worth discussing.

[Gadzhizade] Your attitude to the peaceful settlement plan presented by Russia?

[Guliyev] Russia's plan for peaceful settlement of the armed conflict around Nagorno-Karabakh may be implemented only within the framework of the C'SCE Minsk Group and under monitoring of international organizations. I will never sign a document that is contrary to the interests of the people.

[Gadzhizade] Some political figures and a score of parties called the signing of the Bishkek protocol a betrayal. What can you say regarding the accusation that you have betrayed Azerbaijan's interests?

[Guliyev] You know, statements by some political leaders and parties have no relation to the hopes of the people—it is simply jockeying for power. And in my opinion, in the current circumstances and situation a power struggle in itself is betrayal.

[Gadzhizade] What if the political circles demand your resignation?

[Guliyev] I would gladly resign, but the interests of the Azerbaijani people supersede my wishes. I will not resign until I fulfill my duty and my responsibilities. I will not allow ambitious individuals to play games with the fate of the people.

[Gadzhizade] Is the National Assembly supposed to ratify the Bishkek protocol?

[Guliyev] No. The Bishkek protocol was not signed for ratification because it is only a protocol, not an agreement or treaty.

[Gadzhizade] Many deputies are now collecting signatures for the purpose of convening the Supreme Council.

[Guliyev] I would like to tell the signature collectors that it has long been time to part with illusions.

[Gadzhizade] The next meeting of the National Assembly has been moved up to next week. What was the reason?

[Guliyev] This was necessitated only by the visit to Baku of the C'SCE Minsk Group chairman, Mr. Jaan Eliasson.

Draft State Budget Ready for Parliament

944K1244B Baku ZERKALO in Russian 14 May 94 p 3

[Unattributed report: "Draft State Budget Sent to Parliament for Approval"]

[Text] According to the republic's deputy minister of finance, Fikret Yusifov, the income part of the budget assumes revenue of 138.4746 billion manats, and the expense part—181.3717 billion manats. Thus, the budget will have a deficit of 42.8971 billion manats.

F. Yusifov noted that such a large deficit is the result of a decline in the level of production, which has dropped several-fold as compared to 1992. In order to cover the deficit, the following steps are being planned, in particular, implementation of the state privatization program, which will help to earn 5 billion manats; changing prices for alcoholic beverages, which should bring 1.3 billion into the budget; raising prices for fuel and energy and bread,

introducing value-added tax on imported goods, which will bring in 4.6 billion over the remaining seven months; and so on. The deputy minister of finance also emphasized that raising the minimum wage from 900 to 2,000 manats is in the works, which will require additional budget expenditures. This difference is expected to be covered by raising retail prices on gasoline and the recently approved tax in the amount equal to two minimum wages on each square meter of space occupied by commercial trade and public catering entities. F. Yusifov said, however, that raising the minimum wage will only lead to another jump in market prices and in the final count an even greater decline in the population's living standard. As a KHA-BAR-SERVICE correspondent learned from competent sources in the republic government, three options for raising gasoline prices are now under consideration: 40, 50, and 60 manats per liter. Most likely the middle figure will be chosen, which will bring into the budget an additional 25-30 billion manats, but still will not be enough to raise the minimum wage.

Semi-Annual State Budget Approval Proposed

944K1244C Baku ZERKALO in Russian 14 May 94 p 3

[Unattributed report: On Approving the Draft State Budget for the Entire Year"]

[Text] The National Assembly is planning to discuss the draft state budget for 1994. As Dzhumshud Nuriyev, the republic's deputy minister of agriculture and chairman of the parliament commission on budget control, told the ANS-PRESS agency, because of the high rate of inflation it is currently not expedient to approve a state budget for the entire year. Therefore, the plan is to approve at the upcoming session a draft state budget for the first half-year and to set target figures for the annual budget, which will then be considered and approved quarterly or monthly. Vakhid Akhundov, adviser to the Republic of Azerbaijan president on economic issues, shares this opinion. According to him, "Indicators in our country become outdated even before the ink dries."

Conscription Difficulties in Ganje

944K1258A Baku MOLODEZH AZERBAJDZHANA in Russian No 8, 19-26 May 94 p 1

[Interview with Lieutenant Shakir Tair-ogly Salimov, deputy military commissar of the Kyapayzskiy Rayon Military Commissariat, by correspondent I. Guseynov; place and date not given: "...Answer to Your Conscience..."]

[Text] Azerbaijan is experiencing difficult times. Today it is very important for all the people, each resident of the republic, whether he be at the front or in the rear, to clearly understand the extreme nature of the situation, to be maximally mobilized, and to find his place in the sacred cause of defense of the Motherland.

The front and the rear are linked by a common destiny, a common task. The military commissariat of Kyapayzskiy Rayon of Ganje arranges its activity on this basis. This is the subject of the discussion between our correspondent and

the deputy military commissar of the Kyapyazskiy Rayon Military Commissariat, Lieutenant Colonel Shakir Tair-ogly Salimov.

[Guseynov] How long have you been working in the military commissariat?

[Salimov] I have been here since November of last year. I was assigned here after I sustained a serious injury in battle for liberation of our native land from the Armenian scumbags. After graduating from the Novosibirsk Higher Military-Political School with a desire to join the airborne troops, I served in Germany and the Transbaykal and Siberian military districts. At the beginning of 1991 when the Armenian aggression was increasing I decided that my place was at the front, where the fate of my Motherland and my people was being decided. When I took the military oath I swore to be faithful to my Motherland until the end of my days. This oath and, above all, the sense of civic duty to my Motherland and family, who raised me and got me on my feet, forced me to return to Azerbaijan. I have been severely wounded in battle three times. The last time I lost a leg and that, one might say, put me out of commission for good and made it impossible for me to fight. And so I ended up here. If I had my way I would go back to the front today, to my comrades in arms.

[Guseynov] The regular draft into the National Army has ended. How did it go in your rayon?

[Salimov] Extremely badly. To be truthful, the mobilization we are conducting cannot stand up under any criticism. As a military person I must emphasize that today, when Azerbaijan is being subjected to aggression from our neighboring republic, the question of universal mobilization acquires primary significance. The whole problem is that when executing the order on mobilization in the majority of cases the edicts of the president of the republic and the Cabinet of Ministers are distorted. I am not saying this just to hear myself talk. After all, there are edicts to the effect that individuals who are the sole breadwinners for their parents are not subject to being drafted into the army, or a person whose brother is fighting at the front, or if one of his brothers has died at the front, and others are exempt from the draft. Why do we refuse to carry them out?

Understandably, a draft order, like all other military orders, is subject to strict obedience without discussion. But not at the expense of only sons. And how many of these chaps have already died and how many are fighting at the front today?!

[Guseynov] Comrade lieutenant colonel, it seems that only sons are a sore spot in your work.

[Salimov] Imagine that a worker of the law enforcement organs, say, in the precinct brings a young person of draft age to the military commissariat, knowing ahead of time that this is the only son of his parents, and he says nothing about it. By the time we sent him to the military unit his parents come with a paper from the housing operations section saying that he is their only son. But their son has already received his orders, he has entered the service, and now only an order from the Ministry of Defense can release him from further service.

[Guseynov] Shakir Mulladim, can it be that nobody other than only sons respond to the draft in the military commissariat of which you are in charge?

[Salimov] I think there are many draftees who are conscientious chaps who really understand their civic duty to the Motherland which is in danger. We have no problems with them. But there are also those who deliberately evade the draft and do not show up at the induction facility. And where should we look for them, and in general, is it the job of the military commissariat to look for people like this? And then "chaps" who are forced into the army exhibit cowardice at the front.

[Guseynov] Do you think that strengthening discipline is task number one in the army today?

[Salimov] Undoubtedly. At this time there is no task more important than that one. Without iron discipline the army is nothing but a wandering band of gypsies, but even there, incidentally, people obey the law. It is hard to admit it, but our army does not have enough discipline today. Otherwise, there would be no cases of desertion and absence without leave from the military unit. Have you never seen young men in military uniforms roaming around the city and in public places? Well, many of them are absent without leave from their million subdivisions. And I think that these cowards who have fled from the battlefield deserve the most severe punishment.

[Guseynov] Are there cases of desertion in your rayon, and what measures are being taken against such people?

[Salimov] I do not deny that we have had cases of desertion and absence without leave from the combat unit by certain of our draftees. But we are not authorized to take any measures against them. This falls within the jurisdiction of the military procuracy, which must hold all deserters strictly accountable.

[Guseynov] In your opinion, is there a solution to the problem?

[Salimov] Of course, there is nothing on this earth that cannot be corrected. Today every citizen of the republic must clearly understand that there is a war going on in our land; the Armenian aggressors want to take away part of our territory and they are encroaching on our sovereignty and independence. Finally, all of us must understand that today at the front and in the rear there is one common task—to drive the Armenian occupiers out of our native land. And all of our interests must be subordinate to this task. In the localities we must step up propaganda and agitation work; in the schools and VUZ's [higher educational institutions] we must improve military-patriotic work with youth, the level of which, unfortunately, leaves something to be desired. In the streets, squares, and public places it is a rare event to see patriotic posters and appeals for defense of the Motherland. And in the army itself we must overcome the existing psychology of complacency and insubordination to officers and junior commanders. Sometimes even a little bit of gratitude shown to a fighting man before formation cheers him up, raises his fighting spirit, and calls him to victory. It is very important to understand this. Finally, and this is the main thing, the actual time has come when we must answer to our conscience as to precisely what we have done for the front, for victory.

LATVIA

Official on Status of Troop Withdrawal

944K1209A Riga NEATKARIGA CINA Latvian
16 Apr 94 p 3

[Interview with Ilgonis Upmalis, Head of the Russian Troop Withdrawal Control Bureau, by Viktors Berzins: "Are They Leaving?—Nothing Good There—An Excuse for Contention Has Been Created."]

[Text] I LGONIS UPMALIS, Head of the Russian Troop Withdrawal Control Bureau answers questions from NEATKARIGA CINA.

[Berzins] Following the official initialing of the agreement, there has been a great deal of discussion about the demobilized Russian army personnel remaining in Latvia. Who are the people in this group, who will have the opportunity to remain here after the army leaves?

[Upmalis] One military unit was withdrawn from Latvia with the accompaniment of music. The very first one. For the rest, there has been no music, and no other military unit has been withdrawn. Property has been taken out, and the military units have disappeared.

There are three options for an officer, after the military unit is disbanded.

First—there are those who sign a contract with Russia to continue service in the military. The drawback is that the signers cannot select where to serve. They must serve where they are sent. The majority desires to go to Moscow, but most will not be sent there. For this reason, a great many do not sign such contracts.

Second—there are those who have sufficient service time to receive a pension when they demobilize. Those who have apartments in Russia will leave, and also those for whom apartments are being built. They have registered with Mayorov (Commander of the North Western Military Group), and will have apartments provided for them in Russia, in time. A few days ago, he showed me a list on which those were crossed off who had received apartments and had left. Those who have already entered into the Latvian community will not leave.

Third—there are those, who, with the help of some arm twisting, have found the opportunity to serve in a comfortable little spot in Russia. All of these leave.

A fourth category consists of military persons who are non-commissioned officers. They are mid-ranking and warrant officers who had signed short-term re-enlistment contracts. They make up an entire category of the military, and these gentlemen have other problems, as well. Basically, they have been left on their own; they have completed their contract service, cannot yet receive a pension, and must provide for their own future subsistence. They are disappearing somewhere.

There is yet another category—connected with the army were the so-called civilian workers, former Soviet military providers and workers. They did not walk around with epaulets. They may have even been Latvian citizens, although, for the most part, they were soldiers who had

been released from active duty and who stayed to work. Every military unit was surrounded by these civilian workers. And, there is one more category that may increase the number of personnel remaining in Latvia. Mr. Mayorov has just submitted to me an official document on the number of retirees. There are 21,976 persons receiving pensions from the Defense Ministry of the Russian Federation. Information is not forthcoming on the KGB retirees.

We had officially requested the listing a week ago.

[Berzins] Must we rely on the data supplied by the chief of the withdrawing military forces? Isn't there some way we can find this out ourselves?

[Upmalis] The municipalities are not doing well with respect to this matter. We had requested that, as of April 15, the municipalities, whose territories contained demobilized Russian military units, submit data regarding the retired military persons in their territory. The response is very poor. The only official data we have received up until now are from Rzekne, Jekabpils and the Vidzeme suburb. The rest are calling and complaining that they don't have any such data. As for example, Jurmala. But they have house management boards where such information could be obtained.—That's a lot of work—is the reply. While it is true that this a lot of work, these municipalities have the ability to gather the information. They have form No. 16, which shows who each person is.

The work is there, and it must be done. But, even more surprising than this laziness to perform the work is that we are concluding agreements with Russia without requesting such official information from them. That we are concluding agreements in the dark. We had no available information on the number of retirees, but we concluded an agreement on giving them public guarantees.

[Berzins] But those 22 thousand that are being mentioned constantly?

[Upmalis] I have not seen any official documents as of the present. To the best of my knowledge, the first official document is the one Mr. Mayorov presented to us on Tuesday.

And also. How many military persons there are in Latvia—even this, no one has officially requested from Russia.

And if we are talking about demobilization as of February 28, 1992 and afterwards, we should know these figures. The office does not have these figures, and as far as I know, no one else does either.

[Berzins] Is it possible that the delegation is going around you, and that it already knows?

[Upmalis] For over one and a half years, I participated in the delegation as an expert. With the exception of the last two times, which were—Jurmala and the signing in Moscow. Maybe then... But even in such a case, this figure should have been published.

[Berzins] So what is really happening—is the Russian army leaving right now, or not? What about the orders to halt the withdrawal of the army, and all other threats of this type?

[Upmalis] There is only one way to answer this—the army cannot not withdraw. This is because the army has reduced itself to a situation where, if it could remain here, it would have to bring the military forces back, bring in soldiers, bring in material reserves, technical equipment. Without these, no army can live or survive.

We are very strict in the control of all persons and military services being brought in. We are allowing military persons who are truly connected with the military withdrawal. Yes, we have admitted over 300 soldiers into the Cekule and Garkalns munitions storehouses, where they are packing munitions for removal. We look upon this as a necessity—this is a workforce. This is also why it was possible to empty out the storehouses so quickly in Cekule—some of the largest in Latvia. Right now, the area is being demined, and the work is being performed by the North Western Military Group. These storehouses will be taken over by the Latvian defense forces.

As for the other military persons—and, naturally, we are talking about a large number—the road here has been closed. One or two can get in—our borders have quite a few gaps. You don't have to look far. They are entering right here through Riga airport, and, unfortunately, we have been unsuccessful in our attempts to have customs control aircraft coming from Russia.

[Berzins] Is this because the Russian side is prohibiting this by force, or are we just too afraid to do it?

[Upmalis] I believe the main reason is our disorganized structure. Three systems—customs, border guards, and flight services—must coordinate their activities. If they would get together and work properly, the problem would not exist.

The Russian military withdrawal process is occurring. At the end of this month, one more Latvian rayon will be free of Russian military forces. This is the Rezekne rayon, from which the last military unit is preparing for withdrawal. It is possible that, as early as this week, part of this territory can be taken over by our armed forces for border guarding needs.

Finally, the Biryuzov War School has been officially turned over. The same applies to the Alksnis War School. An airport in Daugavpils has been turned over. In Jekabpils, as well. A part of Bukultos is being turned over. In Oskaln station, a train is being filled from Zakamuiza—a unit with about 60 various technical installations.

In the near future, a division will depart from Dobeles to prepare a site in the Leningrad district for the relocation of this military unit. After a conversation with Mayorov, it could be gathered that the leadership is hoping to perform the withdrawal during the summer months. This is because barracks have not been built for all of the military forces, and therefore a portion will have to spend the winter in tents. This refers to both the Tallin 144th division and the Dobeles 25th sharpshooters brigade.

[Berzins] People are upset that Latvia is preparing to pay for the properties built by the Russian army.

[Upmalis] While participating in the talks as an expert, I paid particular attention to a statement in the agreement that was worded as follows: the Latvian side guarantees reimbursing

the Russian Federation for properties built by the army of the Russian Federation. Now, the Latvian side understands this statement as follows: Yeltsin proclaimed that this army became the Russian army after February 28, 1992. Thus, if anything was built after this date, then the Latvian side is prepared to pay for it. Unfortunately, I am unaware of any property that the Russian side may have built after this date. But Mr. Mayorov understands this matter in the same way as you did, that all property left behind will be paid for by the Latvian side. It has already been said that "property cannot continue to be turned over, because the property relationships have not been settled."

Thus, you can see what happens when the points of the accord between nations are not clearly defined. I already brought up the fact that such difficulties would arise, but the Latvian side interpreted this in a manner I already mentioned.

There is nothing good there—an excuse for contention has been created.

Latvian Green Party Holds Conference

944K1212A Riga LABRIT in Latvian 18 Apr 94 p 2

[Article by Inara Egle: "Greens Must Not Change Color: The 5th Congress of the Latvian Green Party Discussed Party Identity and Elected Leaders."]

[Text] One year ago, when tactics for the Saeima elections were being discussed during the Green Party Congress, Dzintars Abikis, while still a member of the party at that time, attempted to convince his colleagues that by running on a separate ballot the Greens could experience major disappointments in the Saeima elections. In theory, it turned out that he was right, but it seems that what was gained or lost cannot be easily evaluated. At the 5th Congress of the Latvian Green Party (LGP), which was held Saturday, the present day Latvian Way—"farer", Dzintars Abikis did not participate (this does not mean he was not mentioned—in both a positive and critical light). After re-registration of the party members as a political organization, the number of united Greens has declined from approximately 300 to 128 members, which is not that significant, considering that many parties, even the more popular ones, are in the same situation at present, numerically speaking. But, just as last year, the main question for the Congress was how the Greens, without losing their identity, could save their ability to influence the process and defend their interests, which is only possible through government structures.

As we know, in the municipal elections, the Green party, in the majority of cases, is running together with the national forces, and even in the Riga council elections, it has joined the ballot with the Latvian National Independence Movement (LNIM), and the Greens have 11 seats there—they did not even want any more. Latvian Green Party Co-Chairman Peteris Jansons said that the situation and the goals are different now, bringing the national political forces closer together. As far as we can remember, the union of national forces was formed primarily to support Latvian interests with respect to the citizenship law, and now it is also protesting against the initialed documents of

the Latvian and Russian talks. And these are matters, as we learned at the Congress, that the Greens are entrusting to their coalition partners.

But the question concerns something else: by approaching and assimilating with other national forces, will the Greens lose the ability to voice their own principles in a sufficiently loud manner? This is also the concern of the longtime party Co-Chairman, Juris Zvirgzds, who reminded everyone that only and by itself can the Green Party create political security for all priorities related to its work and the environment. And therefore, two matters cannot be confused—Greens do not join with nor enter into another political power, but, instead, they work together with it as an equal partner. "I am for working together according to the principle of partner relationships, but I am against the case where a Green changes colors or allows environmental questions to be postponed to another time, some time later. We know that 'later' never comes", said Juris Zvirgzds.

Maybe there is no need to be afraid, because the partners, according to the assessment of Indulis Emsis, respect Greens precisely for their convictions, and have also studied their principles. But, for this same reason, according to Indulis Emsis, a "green line" must be defined, which, when it is crossed over, will cause the LGP to leave the partnership and drop out of the game. It should also be respected that the realization of Green ideas requires a long period of time, and therefore it is unnecessary to make exaggerated attempts at become a ruling political power, but rather, to focus on such politics that the Green standpoint is mentioned by all political forces, said Emsis. He also mentioned the party's financial situation, because it is no secret to anyone that influence in a power structure can be gained only by those parties who have money. Greens do not have money, but in looking for it, they should continue to be on the alert, because there are more than just a few who would be willing to provide financial support for the party, but only on the condition that it renounces the Green lines and principles in specific instances.

Even though the question—of whether to go alone or together with others—started some arguments, which, it seems, still remain unresolved, this did not, in any case, show signs of a split among the Greens. Maybe this was because there weren't that many of them—not quite fifty. And maybe because, as Anna Seile concluded, this was a meeting hall where everyone could speak in a quiet tone, without microphones, and everyone understood and listened. And it is true that no calls to come to order were heard in the Green Congress, although when the candidates for party co-chairmen were proposed and characterized, an attendee summarized this process afterwards, asking: "Out of five angels, how can we select just three?" Yes, the Green Party still maintains the principle of electing, not one leader, but three co-chairmen to adopt their colleagues' resolutions, and so that the party is not called the Zvirgzds or Emsis party. This also has its minuses, which could be noticed also in the review period, because, since the functions are not precisely divided, it is also difficult to divide the responsibilities. It should be noted that none of these co-chairmen earn their living through being co-chairmen.

All three former party leaders—Juris Zvirgzds, Olegs Batarevskis and Peteris Jansons—were also nominated for the position this year. The bulletins also included the names of two more candidates—the Environmental Protection Committee Vice President Pavils Raudonis, and Kuldiga rayon Council Chairman Janis Klavins.

Most votes in the Congress were received by the former party "prime mover", Juris Zvirgzds, head of the ecology laboratory at the Zoological Garden. Next was Janis Klavins, who could be considered as the surprise of this Congress. Klavins joined the party only one year ago, and ran as a Green candidate in the Saeima elections (in Kurzeme, as the very first). But the public began to notice Klavins when all attention was turned to Skrunda, which is in Janis Klavins led Kuldiga rayon. Like Olegs Batarevskis—the third co-chairman—he was born in 1951. O. Batarevskis works as State Secretary of the Ministry of Justice. The Central Council elected at the Congress will include Jekabs Raipulis, Leons Magelis, Inese Eihvalde, Indulis Emsis, Janis Baltvilks, Gunars Lakutis, Skaidrite Albertina, Pavils Raudonis and Karlis Gudermanis (Peteris Jansons withdrew his candidacy).

The delegates at the Congress also adopted one resolution, requesting the President of the nation to proclaim the first week of May as clean-up week. During this week, according to the document, "let's wash windows—the eyes of Latvia, clean up courtyards and entryways."

Prime Minister Reviews Domestic, Foreign Policy

944K1205A Riga NEATKARIGA CINA in Latvian
20 Apr 94 p 2

[Speech by Prime Minister Valdis Birkavs at the University of Latvia, 14 April 1994: "Foreign Policy and Domestic Policy Aspects of Latvia's Security"]

[Text] I would like to start this address today with the thought that the foreign policy and domestic policy aspects of Latvia's security are a regional component of European security and stability. The importance of this theme is characterized not only by the increasing instability in the world and the countless possible causes of conflict, but also in the strongly emotional and politicized discussion in Latvia about the signing of the agreement between the Russian Federation and Latvia, about which there are many different views and arguments.

Whatever I say today, always bear in mind that Latvia's security may be and partly is a constituent and essential element of Europe's security and stability. That is the first position which is at the foundation of my deliberations. The second is a specific feature of Latvia, that is, that our foreign and domestic security are unusually closely connected.

My main emphasis will be on the political aspect of international security, not on its mechanism or its military component. In other words, the subject of this address is defining the cornerstone of Latvia's security and the discovery of the causes of insecurity, as well as determining our responses to the reaction to developments in the international situation.

That is why I, first of all, will talk about the practice of international politics at the end of the 20th century; secondly, I will examine Latvia's place in *the New World Order*; thirdly, I will characterize the basic dimensions of Latvia's foreign policy; fourthly, I will offer insights into the domestic aspects and coherence of Latvia's security. In conclusion we will evaluate the possible responses, actions and the consequences for Latvia of those or other actions.

The Practice of International Politics

For most of the Twentieth century, talk of a collective security system and a few real efforts to realize it were ignored, and precedence was given to doctrines of military security and corresponding applications of international power politics. Thus, in international practice the concepts of "security" and "national security" were used as synonyms for military security. To a certain extent that is understandable: Not only did confrontations occur involving the world's great powers and individual groups of states, but also an active struggle for the division and redivision of the world, expansion of spheres of influence, etc. The criteria for great power security and national security were chiefly oriented not toward domestic security, but actually toward averting potential threats to the sphere of influence and territory and satisfying hegemonistic national interests far beyond the state's borders. The best example for that is the realization of the USSR's interests in the Baltic states, the 1939 Ribbentrop-Molotov pact, the aggressive annexation of the Baltic states into the USSR in 1940.

It must be said that at the end of the Twentieth century the principles of European security have both changed essentially and have acquired new dimensions. Today, Europe turns its attention to the institutional dimensions to avoid crises and to reduce instability. That means that the goal of the international community is to achieve stable collective security with the intermediation of institutions so that their decisions can become meaningful.

Along with that the classical concept of guaranteed security has become old fashioned, and in its place as a guarantee comes participation in a collective security system. With that emphasis that Latvia's security is guaranteed in its own way by the fact of participation in the ECSC, ZASP [expansion not provided], the "Partnership for Peace" program or the Western European Union, for along with that we are becoming part of this process. The alternative to this sort of participation can only be isolation and remaining in a grey zone.

A plan to create a mutually inter-connected network of institutions in Europe was already planned in 1990, to provide the opportunity to use various crisis management systems, let's say political, economic or even cultural, and, to a lesser extent, military methods. This resolution came at the right time and the Eastern European countries gave the necessary support so that the transition process in those countries would not stop.

Realizing that *the New World Order* after the Cold War is characterized by disorder and countless possible causes of conflict, but that doctrines of security have taken on a new

content, we may not return to the failures of the international system of the past, especially to those which followed the end of the First World War, when self-isolation and nationalistic principles of security took priority.

The ending of the Cold War's strictly fixed positions and along with that the time of easily modeled situation, and the time of rigid doctrine have also gone. The situation in the world, in Europe, and also around Latvia is developing very dynamically.

In the current circumstances obviously the most pragmatic approach to this question is to formulate clearly the basic orientation of Latvia's security policy and foreign policy, which, depending on the situation, permit us to choose solutions most appropriate to Latvia's interests.

Latvia in the New World Order

The Prime Minister, the Fifth Saeima of the Republic of Latvia, and the Cabinet of Ministers have come to the point of a significant decision, which is related to the Republic of Latvia's international and domestic interests.

The cornerstone of the contemporary dilemma is the draft agreement between the Republic of Latvia and the Russian Federation. To conclude the treaty, which is essential to Latvia, we would swear that we support the most significant post-war achievements in the international arena: international cooperation and integration. The importance of this event puts forth the demand to coordinate national political decisions with the still changing situation in international security. In this context I would like to remind you that the teamwork principle operates at both national and international. Such a team has already successfully developed within the context of Baltic cooperation, though Latvia still has not developed a national consensus and remains politically fragmented regarding acceptance of this critical decision.

The contemporary world may think that Latvia is too small to influence the events which develop the planet's political life. The world's great powers are paying increased attention to the conclusion of the Latvian-Russian agreement. Thus for the first time in the history of our country the opportunity is presented to Latvia to make an investment in the security and stability of Europe and the world. What, then, could this investment be?

First of all, a successful conclusion to our economic reforms has become significant also to the European security aggregate, for economic and security policy increasingly overlap. To ensure long-term stability, the development of the economic character will dominate over traditional security institutions. So, for example, while the European countries still give priority to NATO as a security organization, in the future this priority could be given to the European Union/Western European Union institution, which in the longer term may be viewed as having greater potential. Latvia's cooperation agreement with the European Union and the status of members in the European Union must be understood as testimony to Europe's faith in Latvia, which calls for adequate steps in response.

Secondly, our foreign policy must be appropriate to the changing international situation. Of course in the realm of foreign policy, to prepare for the future one must have a

long-term vision, which would give an insight into the level of capabilities, which is necessary to react appropriately to respective situations in the future. Only our foreign policy values system can guarantee that we do not find ourselves in the gray zone of European security.

In regard to this we must agree on the resources which must be devoted to supporting our doctrine in this area. To the RL [Republic of Latvia] that means full integration of diplomatic, economic, and military capability, which will in the aggregate sketch out our strategy in the area of security.

Thirdly, although we can view the intuitive logic of our values and our position as self-evident, we would not need to isolate ourselves from other views. The draft agreement on withdrawal of the army and the compromise on the Skrunda early warning system question is an example which attests to our value system being Europeanist.

Signing the agreement about the withdrawal of Russian armed forces from Latvia is the only real guarantee that the Russian armed forces will be withdrawn from Latvian territory by 31 August 1994. In fixing the end date for the withdrawal of the Russian armed forces the likelihood of international controls over this process are greatly increased. Signing the agreement eliminates the possibility that the Skrunda early warning system radar will be left to exploitation, secondly, and permits this to begin immediately: The installation's most dangerous aspect, the disassembling of the parts. The Skrunda installation is found in Latvia's territory without a treaty which fixes the date when its operations will cease, which would mean not controlling this installation's functioning in Latvia for an undetermined period of time. The execution of the treaty will be controlled by a three-way commission which would include also ECSC representatives. ECSC control over execution of this agreement is not the only guarantee. It will also be ensured by Latvian participation in the "Partnership for Peace" program. The agreement will enhance Latvia's opportunities to cooperate with the Western collective security systems, proving that Latvia is a politically mature country, which is able to carry the politics of compromise in the interests of both Latvia and also the international community.

By signing the agreement the Russian side undertakes a supplementary payment for the Skrunda early warning system radar being located in Latvia to compensate also the damage done to the surrounding environment, if that is established.

During his recent visit in Western Europe Latvia's President received international support to establish a special fund to eliminate the ecological costs of Skrunda and the dismantlement of the radar. The government issued an order to establish a special fund to finance the relocation of retired military personnel.

The agreement on Russian military retirees and their family members does not determine the status of these persons in the Republic of Latvia. That will be determined by Republic of Latvia legislation.

I acknowledge that these agreements include several difficult compromises for Latvia, but in my view there is no more

important task than fixing the end point for withdrawal of Russia's armed forces, and with that achieving the withdrawal of this army from Latvia as quickly as possible.

Now, thanks to the initialed agreements, the so-called Yeltsin error and the activity of some part of the people (who easily manipulate, using historical analogies and ignorance of inter-connections), we acquire a surprisingly large opportunity to free ourselves not only from the army, but also from discharged military personnel, for we will never again have a real opportunity to actively draw in Western money to encourage implementation. If we lose this historic opportunity, then we could finally also lose our country, for I would not want to see a future of Latvian provincial decay in Russia's shadow. And if, by not signing the agreement, there is still an army in Latvia after 31 August, then they will all be the godsons of Grinblats, Kirssteins and Straume, for their care also remains here, which, permit me, depends on patriotism and an erroneous evaluation of the situation. How easily I could support the corps of critics of the agreement and I would do it if I did not see the inter-connectedness of the whole process. I would like to ask you and myself: Why is the opposition's view of the agreement the same both in Latvia and in Russia? Why is the signing of the agreement being opposed by a united front of seemingly diametrically opposed powers? I clearly see the situations in the case of either the agreement being signed or in the event that it is not signed. It is important not to permit manipulation of oneself or others. Against that I place an understanding of our historical perspective and unpostponeable action.

With appropriate action we will confirm also that basic idea of the *New World Order*, that is that this order can be created on the road of negotiation, that large and small countries can become equal partners on the road on negotiation.

The Basic Dimensions of Latvia's Foreign Policy

We must explain what critical global factors can influence our country in the mid-nineties of this century, as well as entering the Twenty-first century. The chief goal of our country's foreign policy is to guarantee our capacity to answer the future development of events, which could threaten our national interest. These threats, of a local or international character, also include developments in the demographic situation, social unrest, conflict over the status of minorities, and a one-sided decree's basic view of peace-keeping or strengthening security operations in other countries, political fragmentation, as well as economic decline.

We must clearly ascertain that real foreign policy cannot be based on many models at the same time, which is why security policy, at least at the level of conceptual thesis, should stand above squabbling by political parties. But unfortunately discussions of foreign policy and security policy issues are being exploited as tools for increasing capital in domestic politics.

What Are the Dimensions of Latvia's Foreign Policy?

- 1) We aspire to a new regionalism: In the broadest meaning this policy is crowned with Baltic cooperation within the context of European integration and has sketched in as a new element in European architecture,

five plus three, which must be understood as beginning cooperation between the Scandinavian states and all three Baltic states within the context of a broadened European Union. The second element: A union of Baltic Sea states as a regional organization established in the Northeastern European Baltic region.

- 2) We want to place a growing emphasis on a **mutually connected network of institutions in Europe**. Still, we must think not only about what we want to receive from these institutions, but also what we will give them.

The European Union

In the recent past Latvia's inclination toward the European Community meant primarily that we distance ourselves from the former USSR, not approaching Europe. As Latvia's relations with the European Union developed, our security policy in Europe's dimension has acquired the greatest importance. Member state status in the European Union pays security dividends, which in a critical situation may turn out to be of decisive importance. Each step in the economic realm brings us closer to the European Union—a free trade agreement, which takes effect on 1 January 1995 already, and after that its logical successor would be associate member state status, at the same time is an investment also in strengthening Latvia's security.

That is not a cost of "feelings of security." Economically, too, there is no alternative to such a direction for Latvia. Of course, right now Latvia could, without great effort, orient itself mainly toward the broad CIS market, although, in predicting Latvia's future development, I am convinced that that would ensure the backwardness of Latvia's industrial technology and we will encounter additional and unnecessary risks because of this disorderly and unpredictable market. That does not mean that we must decline everything which this promising market may offer, but still in my view it would be better to enter this economic space together with the European Union and not by competing with it.

The European Union is our road and hope for the future. The discussions to conclude the free trade agreement between the Baltic states and the European Union is an important part of this section of the road. As I have already stated, if the discussions conclude successfully, a free trade regime between the European Union and Latvia will go into effect on 1 January of next year, and will not apply to agricultural production. In addition, a four year transition period is anticipated during which both sides will agree on adapting the domestic market asymmetric protection principle to trade. In the future the European Union hopes to activate a political dialogue with the Baltic states and, as soon as the essential prerequisites are established, to begin discussions and to conclude agreements on offering associate member status. In fact the political dialogue has already begun and in the next few days its results will become apparent. But the result of incorrect actions by us may be that the political dialogue goes quiet.

By offering associate member status to the Baltic states the European Union is clearly defining the boundary of its political interests and that will certainly permit a more effective neutralization of Russia realizing her "near abroad" concept in Latvia.

The Western European Union

This is an organization, which is at once the European Union's military union and the NATO pillar in Europe.

Latvia's active participation in the Western European Union is a possibility, acquiring associate member state status in this organization. In the future the Western European Union anticipates having the decisive role in the European Union's joint defense policy, which is why it is possible that the highest possible participation status for Latvia will give us the opportunity to have a hand in developing this policy from the very beginning. Besides active participation in the Western European Union will be one other road—Europe, through which Latvia will be able to align itself successfully with NATO.

NATO, the "Partnership for Peace," the North Atlantic Cooperation Council

Latvia's policy with regard to NATO is oriented toward full member state status, the most serious security guarantee that Latvia could possibly receive. We cannot be only "security consumers." Changes in the international situation have influenced the NATO philosophy also. NATO established the "Partnership for Peace" program for cooperation in the military and security areas, with the help of which non-NATO countries could gradually develop individually, each country's wishes and possibilities appropriate to the dialogue with the NATO alliance.

"Partnership for Peace" today is another one of the threads which must be woven into Latvia's security blanket. The government must find an appropriate path which will, in this difficult economic time, balance the division of resources in Latvia's resolving many of the country's problems. We must determine how much the country of Latvia is ready to pay for today's and tomorrow's security. We must understand that we can discuss it only so long as this country stands.

The European Conference on Security and Cooperation

The ECSC is the basic element of the European security architecture.

Our professional diplomats are actively working within the confines of the ECSC, to include this organization in resolving Latvian-Russian relations. When the agreements are concluded, ECSC representatives will also be able to participate in the joint commissions to verify implementation of the *Agreement on the Skrunda early warning system radar temporary functioning and dismantlement*, as well as the *Agreement on social compensation for discharged military personnel*. After the Skrunda agreement is signed ECSC representatives also will participate in inspecting this installation.

In speaking about the European Stability Pact or its so-called Baladur plan, we see that it has transformed from an idea to a constituent part of the European Union's joint foreign policy. Latvia has undertaken to join this pact in its essential problem resolution. This process, as is well known, will be inaugurated in the second half of May in Paris, at ninth pact inauguration conference. It is anticipated that twelve European Union countries and nine countries to which this initiative directly relates (the Baltic states, as well as Eastern and Central European states) and will participate.

In Latvia's view, without border consolidation and resolution of minority problems, round table discussions must be given broader scope, also touching on the most important security and stability in economic and social aspects. Since discussions will take place and resolutions will be adopted in accordance with the basic principles of the UN, ESCS and EU, that is, not altering borders with force and viewing them as inviolate, but that can be discussed, then, so that further discussion about these and other problems, essential discussions about exit points, about the occupation of the Republic of Latvia, and legal and political aspects of the ensuing annexation.

In our view cooperation in the security realm must be realized through bilateral agreements.

Latvia's security blanket is made stronger by mutual relations threads which, supported by mutual interests, tie us to different states.

The road to Europe works as a catalyst for Baltic cooperation. The Baltic states in their leaning toward Europe ever more clearly comprehend and more successfully realize this cooperation. Mutual consultations on security matters occur regularly, both at official levels (at the Prime Ministerial, Defense and Foreign Affairs Ministerial levels), and at the informal (regular foreign policy and defense planning conferences. Currently mutual coordination of Baltic states participation in the world security process is quite essential, for example, in the aforementioned project, the "Partnership for Peace," the Stability pact, as well as participation in defining our status in the Western European Union.

The successful cooperation of the Baltic states is an example to the world community and international organizations have commended the Baltic states' jointly established peacekeeping force battalion, which will be preparing to participate in the peacekeeping activities of the UN and other organizations.

We are united with Scandinavia in our mutual interests in the area of regional security and an understanding of the independence of the Baltic states. The Scandinavian countries are actively implementing the "Sovereignty Support Program," which helps to ensure domestic order and stability in the Baltic states.

After the visit to Latvia by Polish President Lech Walesa a new era has begun in relations between Latvia and Poland. Latvia, Poland and other "Visegrad states" have mutual goals both in relation to moving closer to European organizations and NATO.

We value highly the positive roles of Germany and France in the development of the European Union. Germany is Latvia's closest neighbor among the European Union's great powers. Germany has given and continues to give us essential assistance, supporting and accelerating our moving closer to Europe.

Domestic Aspects of Latvia's Security

The first task in developing our country's foreign policy and security policy is that we, as a nation, among ourselves, must agree on very significant matters. The most important is the necessary national unity (consensus) and political desire to maintain long-term faith in the chosen strategy in the area of our foreign policy and security policy.

In addressing this strategy, our national interests must first be clearly defined.

These are Latvia's national interests and goals:

- 1) maintaining the Republic of Latvia as a free and independent state which respects democratic values, is developing a free market economic system and guarantees protection of human rights;
- 2) developing the Republic of Latvia economically, which would ensure the opportunity for individual prosperity;
- 3) healthy and cooperative relations with neighboring states.

Regardless of how the world order and architecture change, our country's interests and goals remain unchanged.

Political and ideological threats to national security are the most dangerous and critical of all threats.

Various anti-state oriented organizations and groupings continue to operate in Latvia, which do not support the idea of an independent state and whose goals are contrary to Latvia's interests.

We all remember the goals and actions of these organizations during the October 1993 Moscow putsch.

Former USSR and Russian Federation retired military personnel are viewed as one of the sources of the threats from within Latvia. As is known, the Northwestern Army Group headquarters now pays pensions to 22 thousand people. In addition, their spouses and children also live in Latvia. Altogether they are about 100 thousand people, or close to three percent of Latvia's population. We should not look for the image of the enemy among these people, for the military personnel problem must be resolved in a civilized way.

Many USSR and Russian armed forces pensioners are active in the Veterans Rights Protection Union. If these Russian armed forces pensioners truly wish to demonstrate their loyalty to Latvia, than these people must publicly acknowledge the fact of Latvia's occupation in 1940.

What is most critical for a person to feel secure? It is essential that he have health, shelter and a job, which ensures necessary income. Threats to this social value creates not only a certain feeling of insecurity, but also increases opportunities to manipulate people's emotions, sense of security, increases instability and strife. In addition, the state of domestic security also is also determined by crime, the economic and ecological situation, and social welfare. Let's just remember what Swedish Prime Minister Karl Bildt reminded Latvia of during his visit to Latvia: It is not possible to reach 100 percent security from the zero level in one instant.

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